



**Gippsland Southern  
Health Service**

**Annual Report  
2022–23**

**Incorporating:**

Leongatha Hospital  
Korumburra Hospital

## **Acknowledgement of Country**

Gippsland Southern Health Services respectfully acknowledges the Bunurong people of the Kulin nation as the traditional custodians of the land on which GSHS is located and provides its services. We pay our respects to their Elders past, present and emerging, and we extend that respect to our Aboriginal and Torres Strait Islander employees, our consumers and our stakeholders. We recognise the ongoing spiritual link Aboriginal People have to their lands, culture and lore; and acknowledge that their connections build healthier families and communities.

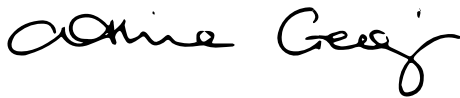
# Contents

<b>Gippsland Southern Health Service – Report of Operations</b>	<b>4</b>
<b>Disclosure Index</b>	<b>9</b>
<b>Our Services</b>	<b>11</b>
<b>Governance</b>	<b>12</b>
<b>Legislative Compliance</b>	<b>15</b>
<b>Attestations</b>	<b>18</b>
<b>Financial Results</b>	<b>21</b>
<b>Workforce</b>	<b>23</b>
<b>Details of Individual Consultancies</b>	<b>25</b>
<b>Information and Communications Technology (ICT) Expenditure</b>	<b>26</b>
<b>Reporting for Outcomes From Statement of Priorities 2022–2023</b>	<b>27</b>
<b>Environmental Data Reporting</b>	<b>34</b>
<b>Social Procurement Activities and Commitments</b>	<b>42</b>
<b>Financial Statements – Financial Year Ended 30 June 2023</b>	<b>43</b>
<b>Independent Auditor’s Report – 2022–23</b>	<b>44</b>
<b>Start of Financials</b>	<b>46</b>
<b>Map of Service Locations</b>	<b>129</b>

# Gippsland Southern Health Service – Report of Operations

## Responsible Bodies declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Gippsland Southern Health Service for the year ending 30 June 2023.

A handwritten signature in black ink, reading "Athina Georgiou". The signature is written in a cursive style with a large initial 'A' and 'G'.

Athina Georgiou  
CHAIR, BOARD OF DIRECTORS  
LEONGATHA, 13 October 2023

# Year in Review

## CEO and Chair's Report

### Our vision

That the South Gippsland community has access to the care and services that respond to its needs

### Our mission

We are building a healthier community in South Gippsland together

### Our values

Excellence, Inclusive, Collaboration, Accountability, Respect, Empathy



A message to you from Board Chair Athina Georgiou and Chief Executive Officer Louise Sparkes.

On behalf of the Board of Directors, Executive and the dedicated staff of Gippsland Southern Health Service (GSHS) we are pleased to present this year's annual report. The 2022–23 year, although another challenging year for Gippsland Southern, has seen some remarkable achievements.

Over this period, we continued our readiness and responsiveness through the pandemic peaks, waves and troughs and worked with our partners throughout the Gippsland region to ensure that our community was able to access quality health care in a timely way. We introduced afterhours telehealth services, in consultation with our local General Practitioners (GPs), for our Urgent Care Centre in Leongatha to ensure we provided urgent care to our local communities any time of the day and night. We implemented significant changes to our Aged Care services as a result of the recommendations of the Royal Commission into Aged Care and Quality (2021) and we are proud to report that these changes were endorsed by the Aged Care Commission in our successful audit against the standards late June 2023. We were also certified by the National Disability Insurance Scheme (NDIS) Quality and Safeguards Commission for our growing NDIS program.

We want to acknowledge our Medical Staff from Leongatha and Korumburra, who have worked closely with us this year to ensure that we are able to continue to provide our community with safe and quality health care.

Our services continued to grow with increased occupancy in our inpatient beds at both Leongatha and Korumburra (4% LG and 2% KB) which has been due to an increase in (Subacute) inpatient hospital admissions and an increase in community members attending our urgent care centres, when compared to the previous year. While we saw a drop in occupancy in our aged care facilities during the pandemic, this year we saw our residential beds being filled again to almost pre pandemic levels.

The Board implemented a new committee structure following a review of its governance processes, including the creation of the Consumer Advisory Committee. This new structure has

enabled our Directors, CEO and Executive team to create improved reporting processes and systems, working together with a greater sense of strategic purpose, direction and clarity.

Our staff remained resilient and despite some significant staffing challenges, we have been able to attract high quality staff to leadership positions. These leadership roles are critical in assisting us to provide support to the organisation (now and into the future) – to recover and reset from the impact of a multi-year pandemic.

The operating result for the year was breakeven compared to a budgeted deficit of \$1.87M. The management of the budget was challenging given the impact of unfunded COVID costs, reduced occupancy in aged care and the impacts that the pandemic had on activity. The Department of Health have been supportive in their provision of a financial sustainability grant that enabled the break-even result. A financial management improvement plan remains in place so that the organisation can identify potential improvements with the aim of ensuring financial sustainability into the future.

During this period GSHS continued to strengthen and work closely with our partners across the subregion and region. Key programs that were commenced during this period were the regional Surgical Reform Program and Better@Home programs that enabled the South Gippsland Coast Partnership (SGCP) medium risk Covid Positive pathway program and the planning for the GEM at home program.

The year also meant a significant change in leadership with the former CEO, Mark Johnson retiring in September 2022 and Chris Trotman taking on the interim CEO role from September to February 2023 until a recruitment search had been completed. We want to take this opportunity to thank both Mark and Chris for their leadership of the health service during these periods.


The Board was very pleased to introduce Louise (Lou) Sparkes who commenced as our permanent Chief Executive in February 2023. In just a short time, Lou has shown her strong and calm leadership which has enabled her to develop relationships while implementing significant changes.

We would also like to acknowledge our highly skilled staff, our volunteers and contractors for their commitment and professionalism and the Board and Executive for their leadership throughout the year.

At the end of the 2022–23 year, we farewelled Duncan Smith and Daniel Murchow and thanked them for their valued input to the Board. We have benefited greatly from Duncan's experience in finance and audit and Daniel's experience in IT, cybersecurity and risk.

We commend this annual report as an overview of the achievements of Gippsland Southern Health Service for the 2022–23 financial year.

We look forward to leading this wonderful service into the future.



Louise Sparkes  
Chief Executive Officer



Athina Georgiou  
Board Chair

## Purpose and functions

Gippsland Southern Health Service was established in 1992 as a result of the amalgamation of the Korumburra District and Woorayl District Memorial Hospitals. The organisation provides a comprehensive range of Health Services to the community within the South Gippsland Shire. The health-related activities that the organisation provides includes:

- Acute and Sub-acute Hospital Services
- Aged Care Services
- Day Care facilities for the maintenance of the physical and psychological wellbeing of patients.
- Community Health Services and Health Promotion Programs throughout the Sub Region.
- Liaison and co-operation with other Health Service providers in establishing a planned and co-ordinated approach to the provision of Health Services.
- Diagnostic Services.
- Visiting Medical Specialists.
- Assistance with the training of Nurses and Allied Health Professionals through clinical placements and provision of ongoing education for all categories of Staff.
- Purchase resources and acquire property as may assist the attainment of the objectives referred to above.
- Research activities and Quality Improvement Programs which may enhance care and treatment.
- Resources to facilitate any activity for the economic, social and recreational wellbeing of residents.

## **Establishment and Responsible Ministers**

Gippsland Southern Health Service is established under the Health Services Act 1988 (Vic).

The responsible Minister is the Minister for Health:

### **Minister for Health**

The Hon Mary-Anne Thomas from 1 July 2022 to 30 June 2023

### **Minister for Ambulance Services**

The Hon Mary-Anne Thomas from 1 July 2022 to 5 December 2022

The Hon Gabrielle Williams from 5 December 2022 to 30 June 2023

### **Minister for Mental Health**

The Hon Gabrielle Williams from 1 July 2022 to 30 June 2023

### **Minister for Disability, Ageing and Carers**

The Hon Colin Brooks From 1 July 2022 to 5 December 2022

The Hon Lizzie Blandthorn From 5 December 2022 to 30 June 2023

## **Significant Changes in Key Initiatives and Expectations for the Future**

The Health Service key initiatives are principally driven by the Statement of Priorities that is developed based on Department of Health guidelines. Achievement against those priorities is disclosed separately in this report.

The expectations for the future is for the achievement of objectives detailed within the organisation's updated strategic plan. Each year we will review our performance against the strategic goals outlined in the document and adjust our plan when we need to, ensuring we cater to changes in our external environment and continue to meet the healthcare needs of our community. We are developing metrics of success to provide quantitative and qualitative evidence to measure our performance against each strategic pillar. And finally, we will respond to the needs of our community, staff and care partners by improving our connectedness, remaining informed, and continuing to improve our organisation to build a healthier community in South Gippsland, together.



# Disclosure Index

The Annual Report of Gippsland Southern Health Service is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page
Ministerial Directions		
	Report of Operations	4
Charter & Purpose		
FRD 22	Manner of establishment and the relevant Ministers	8
FRD 22	Purpose, functions, powers and duties	7
FRD 22	Nature and range of services provided	11
FRD 22	Activities, programs and achievements for the reporting period	5
FRD 22	Significant changes in key initiatives and expectations for the future	8
Management & Structure		
FRD 22	Organisational Structure	13
FRD 22	Workforce data/employment and conduct principles	23
FRD 22	Occupational Health and Safety	24
Financial information		
FRD 22	Summary of the financial results for the year	21
FRD 22	Operational and budgetary objectives and performance against objectives	22
FRD 22	Details of consultancies under \$10,000	25
FRD 22	Details of consultancies over \$10,000	25
FRD 22	Disclosure of ICT expenditure	26
Legislation		
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	16
FRD 22	Compliance with building & maintenance provisions of <i>Building Act 1993</i>	15
FRD 22	Application & operation of <i>Public Interest Disclosure Act (Updated 20–21)</i>	16
FRD 22	Statement on National Competition Policy	15
FRD 22	Application and operation of <i>Carers Recognition Act 2012</i>	16
FRD 22	Additional information available on request	17
FRD 24	Environmental data reporting	34
FRD 25	<i>Local Jobs First Act 2003</i> disclosures	15
SD 5.1.4	Financial Management Compliance Attestation	19
SD 5.2.3	Declaration in report of operations	4

Legislation	Requirement	Page
Attestations		
	Attestation on Data Integrity	18
	Attestation on managing Conflicts of Interest	18
	Attestation on Integrity, fraud and corruption	19
	Compliance with Health Share Victoria (HSV) Purchasing Policies	20
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2022–23	27
	Occupational Violence reporting	23
	<i>Gender Equality Act 2020</i>	15
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	16

# Our Services

## Acute

- Chemotherapy
- Dermatology
- Ear Nose and Throat
- General Medicine
- General Surgery
- Gynaecology
- Infection Prevention & Control
- Midwifery / Obstetrics including Antenatal & Maternity Enhancement Services
- Operating Theatres
- Ophthalmology
- Orthopaedic Surgery
- Paediatrics
- Palliative Care
- Pharmacy
- Pre-admission Clinic
- Specialist Services
- Urgent Care Centre
- Urology

## Community Services

- Alcohol & Drug Service
- Allied Health
- Diabetes Education
- District Nursing Service
- Community Allied Health Team
- Community Health Nursing
- Continence Nurse Advisor
- Health Promotion Programs
- Healthy Ageing & Preventing Injury (HAPI)
- Palliative Care
- Planned Activity Groups
- Post Acute Care
- Respite Care

## Community Services (continued)

- Social Work
- Volunteer Coordination
- Specialist Community Nursing (Stomal, Diabetes, Continence)
- Home Care Packages
- NDIS

## Residential Care

- Alchera House, Korumburra
- Hillside Lodge, Korumburra
- Koorooman House, Leongatha

## Outpatient Care

- Cardiac Rehabilitation
- Community Psychiatry
- Dental Care
- Dietitian
- Domiciliary Midwifery
- Occupational Therapy
- Physiotherapy
- Podiatry
- Social Work
- Speech Pathology

## Diagnostic Services

- Audiology
- Medical Imaging
- Pathology

## Staff Services

- Education & Staff Development
- Staff Health
- Employee Assistance Program

# Governance

## Senior Office Holders – Administrative Structure

### **Chief Executive Officer:**

Louise Sparkes (February 2023)

Chris Trotman (September 2022 – Feb 2023)

Mark Johnson (retired September 2022)

### **Executive Director of Clinical Services:**

Jenny Dempster (June 2023)

### **Executive Director of People, Culture & Experience:**

Kimberly Roberts

### **Executive Director of Medical Services:**

Craig Winter

### **Executive Director of Finance & Corporate Services:**

Jason O'Reilly (November 2022)

Rishin Kapur (August 2022 – November 2022)

### **Director of Nursing Leongatha:**

Kylie Ashton (November 2022)

Vivienne Low (until November 2022)

### **Director of Nursing Korumburra:**

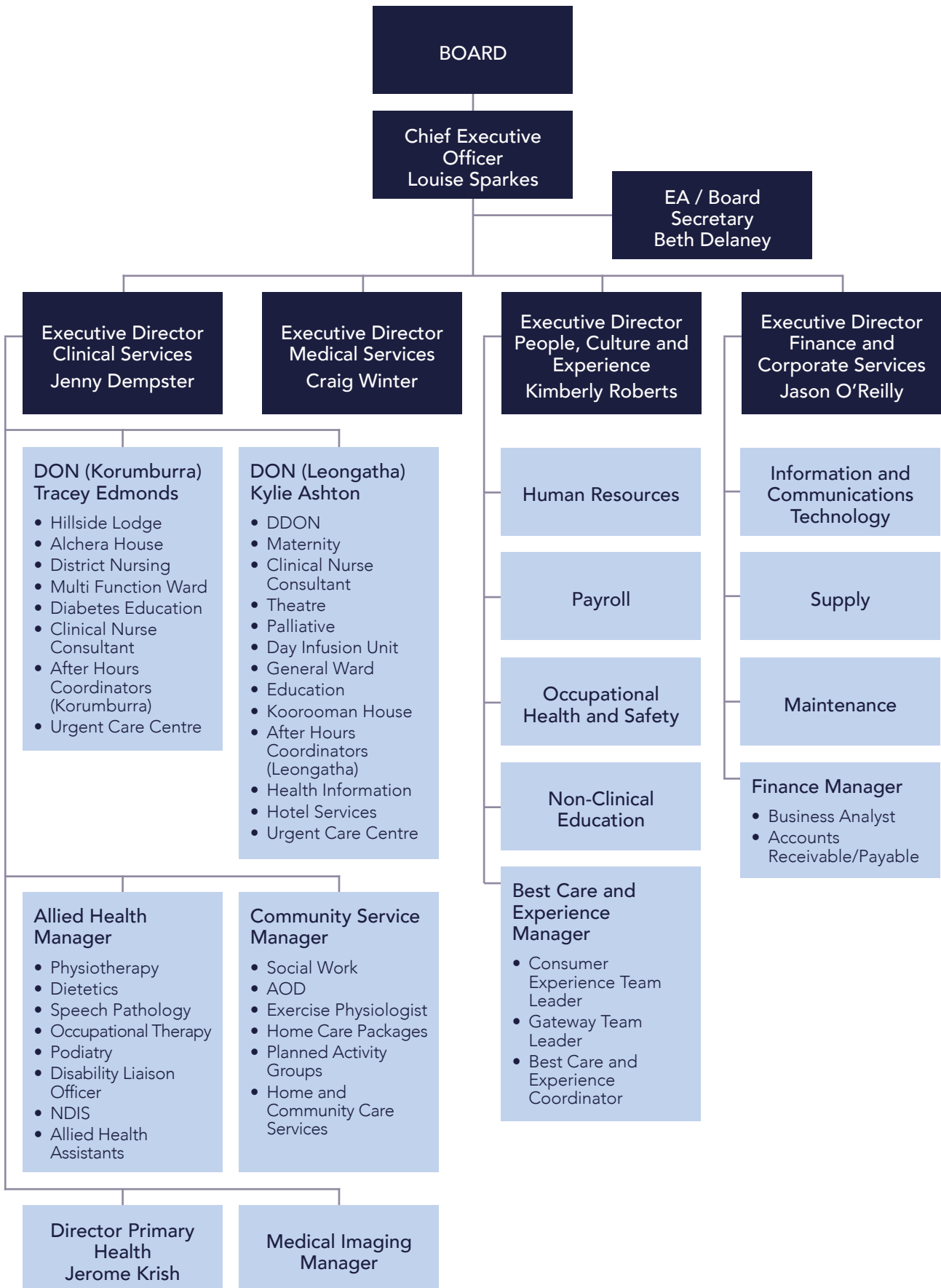
Tracey Edmonds

### **Director of Primary and Community Care:**

Jerome Krish (April 2021 – June 2023)

(Refer to the organisation chart on the following page for responsibilities.)

# Organisation Chart



## Board Committee Representation

### Board Membership:

Athina Georgiou (Chair), Gwen Scheffer (Vice Chair), Duncan Smith, Jill Walsh, Jill Linklater, Chris McLoughlin, Bart Ruyter, Rajan Sawant, Daniel Muchow, Tony Peterson, Belinda Brennan.

### GSHS Sub-Committee Membership

**Finance, Audit & Risk Committee:** Bart Ruyter (Chair), Athina Georgiou, Rajan Sawant, Gwen Scheffer, Duncan Smith, Daniel Muchow.

**Clinical Quality & Safety Committee:** Jill Linklater (Chair), Athina Georgiou, Jill Walsh, Belinda Brennan.

**Board Performance and Executive Remuneration:** Athina Georgiou, Chris McLoughlin, Gwen Scheffer, Bart Ruyter, Duncan Smith, Jill Linklater.

**Community Advisory Committee:** Belinda Brennan (Chair), Gwen Scheffer, Tony Peterson, Athina Georgiou.

## Board Meeting Attendance 2022–23

Directors	Board Meetings Attended / Meetings Held
Athina Georgiou	11/11
Gwen Scheffer	10/11
Duncan Smith	10/11
Jill Walsh	11/11
Chris McLoughlin	10/11
Bart Ruyter	9/11
Rajan Sawant	10/11
Daniel Muchow	6/11
Belinda Brennan	11/11
Jill Linklater	9/11
Tony Peterson	9/11

# Legislative Compliance

## Building Act 1993

Gippsland Southern Health Service fully complies with the building and maintenance provisions of the *Building Act 1993*. All sites are subject to a Fire Safety Audit and Risk Assessment according to revised standards as directed by the Department of Health.

## Local Jobs First Act 2003

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs first policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria. MPSG applies to all construction projects valued at \$20 million or more. The Health Service did not commence or complete any contracts during 2022–23 that require disclosure under the Local Jobs First Act 2003.

## Gender Equality Act 2020

Gippsland Southern Health Service is in the process of implementing the requirements outlined under the *Gender Equality Act 2020*. The organisation commenced the development of its Gender Equality Action Plan and is implementing recommendations outlined in the plan.

Objects of the Act:

- promote, encourage and facilitate the achievement of gender equality and improvement in the status of women
- support the identification and elimination of systemic causes of gender inequality in policy, programs and delivery of services in workplaces and communities
- recognise that gender inequality may be compounded by other forms of disadvantage or discrimination that a person may experience on the basis of Aboriginality, age, disability, ethnicity, gender identity, race, religion, sexual orientation and other attributes
- redress disadvantage, address stigma, stereotyping, prejudice and violence, and accommodate persons of different genders by way of structural change
- enhance economic and social participation by persons of different genders
- further promote the right to equality set out in the Charter of Human Rights and Responsibilities and the Convention on the Elimination of All Forms of Discrimination against Women.

## National Competition Policy

The National Competition Policy was introduced in 1995 in relation to the following four related areas of reform: electricity, gas, water resource policy and road transport. The State Government of Victoria subsequently released its Competitive Neutrality Policy in 2000 via the Department of Treasury and Finance. The Health Service conforms with the core intent of the National Competition Policy and to the extent applicable to the Competitive Neutrality Policy of Victoria. The four key priorities in the Victorian Government Policy is restoring democracy, improving services to all Victorians, growing the whole of Victoria and responsible financial management.

## **Application and Operation of Public Interest Disclosures Act 2012**

The *Public Interest Disclosures Act 2012* provides for the disclosure of improper conduct by public bodies and public officials and the protection for those who come forward with a disclosure. It also provides for the investigation of disclosures that meet legislative definition of a protected disclosure. The Health Service has an established policy that complies with the *Public Interest Disclosures Act 2012*. There were no complaints made under the Act against Gippsland Southern Health Service or its staff for 2022–23.

## **Carers Recognition Act 2012**

As a care support organisation, Gippsland Southern Health Service:

- Takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles
- Takes all reasonable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from Gippsland Southern Health Service have an awareness and understanding of the care relationship principles
- Takes all practicable measures to ensure that Gippsland Southern Health Service and its employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

## **Safe Patient Care Act 2015**

Gippsland Southern Health Service has no matters to report in relation to its obligations under Section 40 of the *Safe Patient Care Act 2015*.

## **Freedom of Information Act**

Requests under the *Freedom of Information (FOI) Act 1982* were dealt with according to the Act by the organisation's nominated officer.

Freedom of Information requests should be in writing and addressed to:

Chief Executive Officer  
Private Bag 13  
LEONGATHA VIC 3953

Requests will be subject to charges based on Section 22 of the *FOI Act 1982* and the Freedom of Information (Access Charges) Regulations 2014.

Further information can be found on the Office of the Victorian Information Commissioner (OVIC) website [www.ovic.gov.au](http://www.ovic.gov.au).



## Additional information on Request


Details in respect of the items listed below have been retained by the Health Service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

# Attestations

## Data Integrity


I, Louise Sparkes, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Gippsland Southern Health Service has critically reviewed these controls and processes during the year.



Louise Sparkes  
Chief Executive Officer  
Leongatha  
13 October 2023

## Conflict of Interest

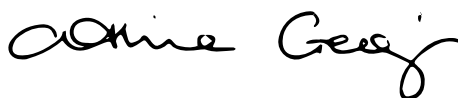
I, Louise Sparkes, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Gippsland Southern Health Service and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



Louise Sparkes  
Chief Executive Officer  
Leongatha  
13 October 2023

## Financial Management Compliance Attestation


I, Athina Georgiou, on behalf of the Responsible Body, certify that Gippsland Southern Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Athina Georgiou  
Board Chair  
Leongatha  
13 October 2023

## Integrity, Fraud and Corruption

I, Louise Sparkes, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Gippsland Southern Health Service during the year.



Louise Sparkes  
Chief Executive Officer  
Leongatha  
13 October 2023

## **Compliance With Health Share Victoria (HSV) Purchasing Policies**

I, Louise Sparkes, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that it has materially complied with all requirements set out in the HSV Purchasing Policies including mandatory HSV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.



Louise Sparkes  
Chief Executive Officer  
Leongatha  
13 October 2023

# Financial Results

## Operating Results – Summary

Items	2023 \$000	2022 \$000	2021 \$000	2020 \$000	2019 \$000
Operating result	0	117	0	(1,055)	(1,120)
Total revenue	52,681	48,683	45,660	41,093	38,781
Total expenses	55,824	51,283	49,215	46,074	42,042
Net result from transactions	(3,143)	(2,600)	(3,555)	(4,981)	(3,260)
Total other economic flows	31	83	33	(16)	(15)
Net result	(3,112)	(2,517)	(3,522)	(4,997)	(3,275)
Total assets	99,642	100,593	98,523	99,742	103,321
Total liabilities	21,314	19,153	22,197	20,995	19,577
Net assets / Total equity	78,328	81,440	76,326	78,747	83,744

\* The Operating result is the result which the health service is monitored against in its Statement of Priorities

## Reconciliation Between the Net Result From Transactions to the Statement of Priorities Operating Results

Reconciliation items	2023 \$000	2022 \$000
Net operating result*	0	117
Capital purpose income	1,360	1,213
Specific income	89	305
COVID-19 State Supply Arrangements		
– Assets received free of charge or for nil consideration under the State Supply	337	482
– State Supply items consumed up to 30 June	(244)	(337)
Assets received free of charge	–	–
Expenditure for capital purposes	(24)	(137)
Depreciation	(4,630)	(4,243)
Finance costs (other)	–	–
Net result from transactions	(3,112)	(2,600)

\* The Net operating result is the result which the health service is monitored against in its Statement of Priorities

## Financial Summary

### Summary of operational and budgetary objectives

Gippsland Southern Health Service recorded a break-even operating result after a challenging year.

The organisation experienced a 7.6% increase in income from operating activities compared to an increase in expenditure of 8.8% excluding depreciation. The achievement of a break-even operating result can be attributed to the receipt of a financial sustainability grant of approximately \$2.1m at the end of the financial year. The Health Service is appreciative of this financial support from the State Department of Health. The lingering effects of the COVID-19 pandemic continued to impact Health Service activity and its ability to achieve activity targets. Whilst the Health Service continues moving back to business as usual, the target concessions and additional funding received from the State helped offset these operational setbacks.

The balance sheet remains in a strong position with \$23m of current assets and \$21m of current liabilities, including provisions. Total current assets increased by \$2.3m due principally to an increase in cash and cash equivalents, including monies held in trust for refundable accommodation deposits. A reduction in the value of property, plant and equipment incorporates depreciation expense of \$4.6m. The organisation's overall balance sheet position is sound with current assets exceeding current liabilities by \$2.6m.

### Significant changes in financial position during the year

The budgetary objectives for 2022–23 were met as the organisation received a funding stability grant from the Department of Health. However, the organisation is mindful that without the funding stability grant, the results would have been in deficit. As a consequence, the organisation will maintain a financial management improvement plan that sets out various strategies to improve its financial results going forward.

### Events subsequent to balance date

There were no events subsequent to balance date that may have a significant effect on the operational objectives of the organisation in subsequent years.



Jason O'Reilly  
Executive Director  
Finance & Corporate Services



Bart Ruyter  
Chair  
Finance, Audit & Risk Committee

# Workforce

## Workforce Data

### Staffing Profile

Labour Category	Current Month FTE		Average Monthly FTE	
	June 2023	June 2022	2023	2022
Nursing	131.15	131.95	127.93	133.51
Administration and Clerical	41.99	42.69	40.79	40.05
Medical Support	41.86	14.50	45.41	38.92
Hotel and Allied Services	48.33	79.11	49.86	51.64
Medical Officers	0.11	0.11	0.18	0.11
Hospital Medical Officers	0	0.00	0	0.00
Ancillary Staff (Allied Health)	33.47	33.11	31.67	34.80
<b>TOTALS</b>	<b>296.91</b>	<b>301.47</b>	<b>295.84</b>	<b>299.03</b>

### Employment and Conduct Principles

The organisation has applied the appropriate employment & conduct principles and employees have been correctly classified in workforce data collections.

## Occupational Violence

Occupational Violence Statistics	2022–2023
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	129
Number of occupational violence incidents reported per 100 FTE	43.6
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%

The following definitions apply:

- **Occupational violence** – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- **Incident** – an event or circumstance that could have resulted in, or did result in, harm to an employee.
- **Accepted Workcover claims** – Accepted Workcover claims that were lodged in 2020–21.
- **Lost time** – is defined as greater than one day.
- **Injury, illness or condition** – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

## Occupational Health and Safety (OH&S)

The Health Service remains committed to providing a safe and healthy workplace. The organisation facilitates a safe workplace by conducting regular OH&S committee meetings, staff training, hazard identification and incident reporting.

<b>Occupational Health and Safety Statistics</b>	<b>2020–2021</b>	<b>2021–2022</b>	<b>2022–2023</b>
The number of reported hazards/incidents for the year per 100 FTE	11.33	26.36	46.30
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.30	0.73	1.69
The average cost per WorkCover claim for the year ('000)	\$42,940	\$16,747	\$16,715



# Details of Individual Consultancies

## Details of Consultancies (Under \$10,000)

In 2022–2023, there were six consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022–2023 in relation to these consultancies is \$28,275 (excl GST).

## Details of Consultancies (Valued at \$10,000 or Greater)

In 2022–2023, there were three consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022–2023 in relation to these consultancies is \$93,325 (excl GST).

### Consultancies Over \$10,000

Consultant	Purpose of Consultancy	Start Date	End Date	Total approved project fee (exc. GST)	Expenditure 2022–23 (exc. GST)	Future Expenditure (exc. GST)
Brooker Consulting	CEO Recruitment	1-Sep-22	31-Dec-22	\$39,000	\$39,000	\$0
Harcourt Aged Care Advisors P/L	Aged care reforms mock audit	1-Mar-23	31-May-23	\$26,450	\$26,450	\$0
Studer Group	Evidence-based learning	1-Jul-22	30-Jun-23	\$42,750	\$27,875	\$0

# Information and Communications Technology (ICT) Expenditure

ICT expenditure – represents an entity’s costs in providing business-enabling ICT services and consists of the following cost elements:

- Operating and capital expenditure (including depreciation);
  - ICT services – internally and externally sourced;
  - Cost in providing ICT services (including personnel & facilities) across the agency, whether funded through a central ICT budget or through other budgets; and
  - Cost in providing ICT services to other organisations
- a. Non-Business as Usual (Non-BAU) expenditure – is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and are usually run as projects.
- b. Business As Usual (BAU) expenditure – includes all remaining ICT expenditure other than non-BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability.

## Details of Information and Communication Technology (ICT) Expenditure

The total ICT expenditure incurred during 2022–23 is \$2,855,168 (excluding GST) with the details shown below.

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total = Operational expenditure and Capital expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$2,069,954	\$785,214	\$613,859	\$171,355

# Reporting for Outcomes From Statement of Priorities 2022–2023

## Part A: Strategic Priorities

Gippsland Southern Health Service contributed to the Operational Plan 2022–23 through the following strategic priorities:

### Keep People Healthy and Safe in the Community:

#### Maintain COVID-19 readiness

- Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.

**Progress:** Achieved

Gippsland Southern Health Service (GSHS) continued to maintain COVID 19 readiness during the 2022–2023 year by working with the Gippsland Public Health Unit (GPHU) to provide access to COVID 19 community vaccination and testing programs.

GSHS in conjunction with DH, Gippsland Health Service partnership (GHSP) and GPHU, provided response to changes in pandemic orders as required and when relevant to the service. Care was provided for patients locally under the COVID 19 streaming model in our acute inpatient areas and in our community programs.

### Care Closer to Home:

#### Delivering more care in the home or virtually

- Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program.

**Progress:** Achieved

GSHS provided increased care at home for patients discharged from metropolitan hospitals via our brokered Hospital in the Home program. Virtual care was also provided by GSHS, to the local community as part of the COVID 19 positive pathways program in conjunction with the GPHU and other services within the subregion.

GSHS worked with other local services and the GHSP to develop a GEM@home program that will commence for the South Gippsland Community in 2023–2024 year to enable Geriatric inpatient care in local people's homes.

### Keep Improving Care:

#### Improve quality and safety of care

- Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired

complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.

**Progress:** Achieved

During the 2022–2023-year GSHS commenced participation in the SCV Timely management of chest pain pilot. The pilot design aims to streamline a model of care that incorporates a telemedicine service to support UCCs in regional and rural Victoria in the management of chest pain presentations. The program has allowed a greater number of patients to be treated without transfer to a larger health service, be cared for locally, and has supported UCC staff in accessing timely specialist advice for the management of patients with chest pain and/or other symptoms suggestive of a heart attack.

GSHS also participated in the SCV Just Culture project. Just Culture is part of safety culture, with the major features being: a systems-thinking mindset to adverse event review, provision of a psychologically safe workplace where employees feel safe to report adverse events and near misses. The program teaches management of the innate cognitive biases we all have and a system that assist us in imbedding the concept of shared accountability between the organisation and the individual when adverse events occur. Fourteen GSHS staff attended the initial training run by SCV, including executive leaders. Gippsland Southern Health's new executive team remain committed to the Just Culture principles and are committed to safety for all consumers.

**Plan update to nutrition and food quality standards**

- Develop a plan to implement nutrition and quality of food standards in 2022–23, implemented by December of 2023.

**Progress:** Achieved

GSHS participated and met all the requirements of the Healthy choices policy directive that supports health services to provide and promote healthier food and drinks at their cafes (in-house managed), vending machines and through staff/event catering at their facilities. GSHS recognise that health services have an important leadership role in providing their staff, visitors and patients/residents with healthy food and drink options.

**Climate Change Commitments**

- Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.

**Progress:** Achieved

GSHS has solar panels across the organisation and has completed a transition to LED lighting while eliminating fluorescent tubes. Dedicated printer cartridge and battery recycling sites are provided within the organisation and e-waste disposal processes are in place despite no dedicated on-site e-waste collection point.

## Asset Maintenance and Management

Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.

**Progress:** Achieved

GSHS has developed an Asset Management Plan using the Victorian Health Building Authority (VHBA) template. This strategy provides the overall framework to guide the long-term sustainable management of GSHS's asset portfolio as a platform for service delivery and will ensure that this strategy, together with the Asset Management Procedure and associated working procedures and practices will put in place a comprehensive, accountable and transparent Service/ Asset Management Framework for GSHS.

## Improve Aboriginal Health and Wellbeing:

### Improve Aboriginal cultural safety

- Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.
- Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.
- Implement strategies and processes to actively increase Aboriginal employment.
- Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.
- Develop discharge plans for every Aboriginal patient.

**Progress:** Achieved

GSHS recognise, respect and value the ongoing contribution of Aboriginal people, particularly the Bunurong people of the Kulin nation as the traditional custodians of the land on which GSHS is located and provides its services. At GSHS we embrace the spirit of self-determination and reconciliation, working towards cultural safety, equality of outcomes and an equitable voice. During the 2022–2023-year GSHS have introduced a new staff training program, enhanced the service environment to ensure it is welcoming and responsive to all first nations people and participated in significant local cultural events. GSHS have also improved staff resources, information and education in regards to the gap in health outcomes for Aboriginal people. A joint approach to increase our care of Aboriginal people has been developed in conjunction with South Gippsland Hospital to plan for the implementation of an Aboriginal Liaison Officer role in the 2023–2024 year for both health services to further support culturally safe care pathways and environments.

## **Moving From Competition to Collaboration:**

### Foster and develop local partnerships

- Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP).
- Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.

### Progress: Achieved

GSHS has been an active partner in the Gippsland Health Service Partnership and has contributed to cross service collaboration and decision making to support the strategic objectives of the partnership and improved health outcomes across the region.

In particular, GSHS has participated in the:

- Ongoing regional response to COVID by providing care under COVID positive pathways, inpatient care as part of the streaming program and the Regional Daily Operating System to ensure a coordinated approach to patient flow and the use of resources throughout the region.
- The development of a Gippsland wide regional cancer plan has been informed by GSHS to enable a plan for future cancer service in Gippsland, including South Gippsland.
- The telehealth strategic project received additional telehealth equipment for health services, including headphones, iPads and Workstation on Wheels. This equipment has been deployed and implemented across the region to support telehealth modalities that have expanded during the pandemic.
- The implementation of the Better at Home Project via the subregional GEM@home program that has been developed for implementation in 2023–24 in South Gippsland.
- The Elective Surgery Reform project by contributing to innovative solutions for elective surgery reform strategy across Gippsland that optimises surgical throughput and access to surgery for the Gippsland community. GSHS has also participated actively in the perfect list program to enhance operational efficiency of surgical lists and the planned surgery reform and Gippsland surgical plan preoperative planning for surgery with pre anaesthetic clinics commenced at GSHS.

## **A Stronger Workforce:**

### **Improve workforce wellbeing**

- Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022–23.
- Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.
- Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.

### **Progress: Achieved**

GSHS provided OVA and De-Escalation training to over 20 staff in 2022–23, focusing on areas and teams of the highest need, such as residential aged care, and After-Hours Coordinators. Further training has been identified for the 2023–24 year and another 20 staff shall participate in the training. In addition to this, all staff complete mandatory Occupational Violence and Aggression training each year through our online learning platform.

During 2022–2023-year GSHS used funding to employ a project officer to assist with the implementation of the MARAM framework.

Other work that was completed included a review of the Family Violence position statement, the development & update of relevant policies, a Family Violence assessment response and referral process, a Workplace support policy and procedure and wellbeing policy.

GSHS also Introduced an organisational wide face to face and online MARAM training, program updates to PDs to include a family violence statement, and staff involvement in external family violence awareness campaigns (e.g., 16 days of activism 2022).

GSHS has commenced a wellbeing strategy following focus groups with staff about what would support their wellbeing and key issues. We have recently re-introduced staff lunches and celebrations, staff forums, and other ways of authentically connecting with our teams after postponing a lot of events through the COVID-19 pandemic. We have strengthened how we support staff who become ill and injured, to make sure staff have immediate care and support and referrals to health practitioners that can help them recover as soon as possible.

## Part B: Performance Priorities

### High Quality and Safe Care

Key Performance Measure	Target	Result
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	85%	93%
Percentage of healthcare workers immunised for influenza	92%	99%
<b>Patient experience</b>		
Percentage of patients who reported positive experiences of their hospital stay – Quarter 1	95%	100%
Percentage of patients who reported positive experiences of their hospital stay – Quarter 2	95%	95%
Percentage of patients who reported positive experiences of their hospital stay – Quarter 3	95%	97%
<b>Maternity and newborn</b>		
Percentage of full-term babies (without congenital anomalies) who are considered in poor condition shortly after birth (APGAR score <7 to 5 minutes)	≤ 1.4%	1.5%
Percentage of singleton babies with severe fetal growth restriction (FGR) delivered at 40 or more weeks gestation	≤ 28.6%	0%

### Strong Governance, Leadership and Culture

Key Performance Measure	Target	Result
<b>Organisational culture</b>		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	68%

### Timely Access to Care

Key Performance Measure	Target	Result
<b>Specialist Clinics</b>		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	82%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	98%



## Effective Financial Management

Key Performance Measure	Target	Result
Operating result (\$m)	\$0.00	\$0.00
Average number of days to paying trade creditors	60 days	34 days
Average number of days to receiving patient fee debtors	60 days	36 days
Adjusted current asset ratio (Variance between actual ACAR and target, including performance improvement over time or maintaining actual performance)	0.7 or 3% improvement from health service base target	1.38
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	Achieved
Actual number of days available cash, measured on the last day of each month	14	70

## Part C: Activity

Funding Type	Activity Result
<b>Consolidated Activity Funding</b>	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	3,632
<b>Acute Admitted</b>	
National Bowel Cancer Screening Program NWAU	34
Acute admitted DVA	26
Acute admitted TAC	1
<b>Subacute/Non-Acute, Admitted &amp; Non-admitted</b>	
Subacute – DVA	2
<b>Aged Care</b>	
Residential Aged Care	25,814
HACC	6,264
<b>Mental Health and Drug Services</b>	
Drug Services	575
<b>Primary Health</b>	
Community Health / Primary Care Programs	3,176

# Environmental Data Reporting

FRD24 report (Jul-22 to Jun-23).<sup>1,2</sup>

## Electricity Use

Reporting items	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>EL1 Total electricity consumption segmented by source [MWh]</b>			
Purchased	1,737.52	1,772.59	1,722.01
Self-generated	235.07	245.84	244.43
<b>EL1 Total electricity consumption [MWh]</b>	<b>1,972.59</b>	<b>2,018.43</b>	<b>1,966.45</b>
<b>EL2 On site-electricity generated [MWh] segmented by:</b>			
<b>Consumption behind-the-meter</b>			
Solar Electricity	235.07	245.84	244.43
<b>Total Consumption behind-the-meter [MWh]</b>	<b>235.07</b>	<b>245.84</b>	<b>244.43</b>
<b>Exports</b>			
Solar Electricity	0.00	0.00	0.00
<b>Total Electricity exported [MWh]</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EL2 Total On site-electricity generated [MWh]</b>	<b>235.07</b>	<b>245.84</b>	<b>244.43</b>
<b>EL3 On-site installed generation capacity [kW converted to MW] segmented by:</b>			
Diesel Generator	0.89	0.89	0.89
Solar System	0.20	0.20	N/A
<b>EL3 Total On-site installed generation capacity [MW]</b>	<b>1.09</b>	<b>1.09</b>	<b>0.89</b>
<b>EL4 Total electricity offsets segmented by offset type [MWh]</b>			
LGCs voluntarily retired on the entity's behalf	0.00	0.00	0.00
GreenPower	0.00	0.00	0.00
RPP (Renewable Power Percentage in the grid)	326.65	329.52	325.98
Certified climate active carbon neutral electricity purchased	0.00	0.00	0.00
<b>EL4 Total electricity offsets [MWh]</b>	<b>326.65</b>	<b>329.52</b>	<b>325.98</b>

1. Data on some indicators are currently not collected, available or relevant to the organisation's operations. Data gaps will continually be monitored and addressed and will be reported in future financial years where possible.

2. Billing for many services (eg. Electricity, Gas, Water) is received quarterly resulting in the need for estimates to be used in preparation of annual data. This may result in minor variances to reported volumes for prior financial years.

## Stationary Energy

Reporting items	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>F1 Total fuels used in buildings and machinery segmented by fuel type [MJ]</b>			
Natural gas	7,391,201.90	7,554,016.90	7,589,944.40
<b>F1 Total fuels used in buildings [MJ]</b>	<b>7,391,201.90</b>	<b>7,554,016.90</b>	<b>7,589,944.40</b>
<b>F2 Greenhouse gas emissions from stationary fuel consumption segmented by fuel type [Tonnes CO2-e]</b>			
Natural gas	380.87	389.26	391.11
<b>F2 Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e]</b>	<b>380.87</b>	<b>389.26</b>	<b>391.11</b>

## Transportation Energy

Reporting items	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21		
<b>T1 Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type [MJ]</b>					
Non-executive fleet – Gasoline	139,809.30				
Petrol	139,809.30				
<b>Total energy used in transportation (vehicle fleet) [MJ]</b>	<b>139,809.30</b>				
<b>T2 Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type and vehicle category as at Jun-23</b>					
Vehicle Category	Total	Fuel type – Internal combustion engine	Proportion of fleet	Fuel type – Hybrid	Proportion of fleet
Road Vehicle	27	25	93%	2	7%
Non-Road Vehicle	0	N/A	N/A	N/A	N/A
<b>T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e]</b>					
Non-executive fleet – Gasoline	9.45				
Petrol	9.45				
<b>Total Greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e]</b>	<b>9.45</b>				
<b>T4 Total distance travelled by commercial air travel (passenger km travelled for business purposes by entity staff on commercial or charter aircraft)</b>					
Total distance travelled by commercial air travel	4,248				

## Total Energy Use

Reporting items	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]</b>			
Total energy usage from stationary fuels (F1) [MJ]	7,391,201.90	7,554,016.90	7,589,944.40
Total energy usage from transport (T1) [MJ]	139,809.30	N/A	N/A
<b>Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]</b>	<b>7,531,011.20</b>	<b>7,554,016.90</b>	<b>7,589,944.40</b>
<b>E2 Total energy usage from electricity [MJ]</b>			
Total energy usage from electricity [MJ]	7,101,320.00	7,266,347.53	7,079,202.63
<b>E3 Total energy usage segmented by renewable and non-renewable sources [MJ]</b>			
Renewable	2,022,211.32	2,071,318.27	2,053,480.39
Non-renewable (E1 + E2 - E3 Renewable)	12,610,119.88	12,749,046.16	12,615,666.63
<b>E4 Units of Stationary Energy used normalised: (F1+E2)/normaliser</b>			
Energy per unit of Aged Care OBD [MJ/Aged Care OBD]	560.79	562.81	505.54
Energy per unit of LOS [MJ/LOS]	1,475.07	1,586.25	1,514.78
Energy per unit of Separations [MJ/Separations]	3,639.51	3,491.25	3,465.43
Energy per unit of floor space [MJ/m <sup>2</sup> ]	906.69	927.20	917.74

## Sustainable Buildings and Infrastructure

Reporting items	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>B1 Discuss how environmentally sustainable design (ESD) is incorporated into newly completed entity-owned buildings</b>			
Commentary	Nil reported. No newly completed entity owned buildings.		
<b>B2 Discuss how new entity leases meet the requirement to preference higher-rated office buildings and those with a Green Lease Schedule</b>			
Commentary	Nil reported. No new entity leases entered.		
<b>B3 NABERS Energy (National Australian Built Environment Rating system) ratings of newly completed/occupied Entity-owned office buildings and substantial tenancy fit-outs (itemised)</b>			
Ratings	Nil reported. No applicable building and infrastructure projects undertaken.		
<b>B4 Environmental performance ratings (eg. NABERS, Green Star, or ISCAIS rating scheme) of newly completed Entity-owned non-office building or infrastructure projects or upgrades with a value over \$1 million</b>			
Ratings	Nil reported. Tenancy fit-out at Hillside Lodge completed; value under M\$1.		

## Water Use

Reporting items	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>W1 Total units of metered water consumed by water source (kl)</b>			
Potable water [kL]	10,332.24	11,367.51	10,312.96
<b>Total units of water consumed [kl]</b>	<b>10,332.24</b>	<b>11,367.51</b>	<b>10,312.96</b>
<b>W2 Units of metered water consumed normalised by FTE, headcount, floor area, or other entity or sector specific quantity</b>			
Water per unit of Aged Care OBD [kL/Aged Care OBD]	0.40	0.43	0.36
Water per unit of LOS [kL/LOS]	1.05	1.22	1.06
Water per unit of Separations [kL/Separations]	2.59	2.68	2.44
Water per unit of floor space [kL/m2]	0.65	0.71	0.65

## Waste and Recycling

Reporting items	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>WR1 Total units of waste disposed of by waste stream and disposal method [kg]</b>			
<b>Landfill (total)</b>			
General waste	140,940.00	139,765.50	140,271.00
<b>Offsite treatment</b>			
Clinical waste – incinerated	279.50	282.35	549.95
Clinical waste – sharps	569.40	356.37	442.84
Clinical waste – treated	7,890.02	8,295.05	7,075.21
<b>Recycling/recovery (disposal)</b>			
Cardboard	23,430.00	23,595.00	23,595.00
Fluorescent tubes	0	78.75	0
Grease traps	0	0	1,453.50
Paper (confidential)	7,485.70	6,259.96	6,785.25
<b>Total units of waste disposed [kg]</b>	<b>180,594.62</b>	<b>178,632.98</b>	<b>180,172.75</b>
<b>WR1 Total units of waste disposed of by waste stream and disposal method [%]</b>			
<b>Landfill (total)</b>			
General waste	78.04%	78.24%	77.85%
<b>Offsite treatment</b>			
Clinical waste – incinerated	0.15%	0.16%	0.31%
Clinical waste – sharps	0.32%	0.20%	0.25%
Clinical waste – treated	4.37%	4.64%	3.93%

Reporting items	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>Recycling/recovery (disposal)</b>			
Cardboard	12.97%	13.21%	13.10%
Fluorescent tubes	0	0.04%	0
Grease traps	0	0	0.81%
Paper (confidential)	4.15%	3.50%	3.77%
<b>WR2 Percentage of office sites covered by dedicated collection services for each waste stream</b>			
Printer cartridges	100%		
Batteries	100%		
e-waste	0%		
Soft plastics	0%		
<b>WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method</b>			
Total waste to landfill per PPT [(kg general waste)/PPT]	3.55	3.50	3.27
Total waste to offsite treatment per PPT [(kg offsite treatment)/PPT]	0.22	0.22	0.19
Total waste recycled and reused per PPT [(kg recycled and reused)/PPT]	0.78	0.75	0.74
<b>WR4 Recycling rate [%]</b>			
Weight of recyclable and organic materials [kg]	30,915.70	29,933.71	31,833.75
Weight of total waste [kg]	180,594.62	178,632.98	180,172.75
Recycling rate [%]	17.12%	16.78%	17.67%
<b>WR5 Greenhouse gas emissions associated with waste disposal [tonnes CO2-e]</b>			
tonnes CO2-e	194.47	193.19	192.61

## Greenhouse Gas Emissions

Reporting items	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>G1 Total scope one (direct) greenhouse gas emissions [tonnes CO2e]</b>			
Carbon Dioxide	389.33	388.28	390.12
Methane	0.74	0.76	0.76
Nitrous Oxide	0.25	0.23	0.23
<b>Total</b>	<b>390.32</b>	<b>389.26</b>	<b>391.11</b>
Scope 1 GHG emissions from stationary fuel (F2 Scope 1) [tonnes CO2-e]	380.87	389.26	391.11
Scope 1 GHG emissions from vehicle fleet (T3 Scope 1) [tonnes CO2-e]	9.45		
<b>Medical/Refrigerant gases</b>			
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]	390.32	389.26	391.11
<b>G2 Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]</b>			
Electricity	1,193.59	1,294.43	1,342.98
<b>Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]</b>	<b>1,193.59</b>	<b>1,294.43</b>	<b>1,342.98</b>
<b>G3 Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e)</b>			
<b>Commercial air travel</b>			
Waste emissions (WR5)	194.47	193.19	192.61
Indirect emissions from Stationary Energy	183.35	171.64	185.32
Indirect emissions from Transport Energy	2.40	0	0
Paper emissions			6.86
Any other Scope 3 emissions	17.50	21.35	17.01
<b>Total scope three greenhouse gas emissions [tonnes CO2e]</b>	<b>397.72</b>	<b>386.18</b>	<b>401.80</b>
<b>G(Opt) Net greenhouse gas emissions (tonnes CO2e)</b>			
<b>Gross greenhouse gas emissions (G1 + G2 + G3) [tonnes CO2e]</b>	<b>1,981.63</b>	<b>2,069.87</b>	<b>2,135.89</b>
Carbon Neutral Electricity	0.00	0.00	0.00
Green Power Electricity	0.00	0.00	0.00
Purchased LGCs	0.00	0.00	0.00
Any Offsets purchased	0.00	0.00	0.00
<b>Net greenhouse gas emissions [tonnes CO2e]</b>	<b>1,981.63</b>	<b>2,069.87</b>	<b>2,135.89</b>



## Normalisation Factors

Reporting items	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
1000km (Corporate)			
1000km (Non-emergency)			
Aged Care OBD	25,843.00	26,333.00	29,017.00
ED Departures	0.00	0.00	0.00
FTE	296.00	300.00	308.00
LOS	9,825.00	9,343.00	9,684.00
OBD	35,668.00	35,676.00	38,701.00
PPT	39,650.00	39,921.00	42,934.00
Separations	3,982.00	4,245.00	4,233.00
Total Area M <sup>2</sup>	15,984.00	15,984.00	15,984.00

**Note:** Normalisation factors provided via Eden Suite reporting as obtained from Victorian Admitted Episodes Dataset (VAED) and the Aged Care Branch, Department of Health and Human Service

# Social Procurement Activities and Commitments

Reporting period: 2022–23

Reporting entity: Gippsland Southern Health Service

## Overall Social Procurement Activities

Reporting items	2022–23
Number of social benefit suppliers engaged during the reporting period:	3
Total amount spent with social benefit suppliers (direct spend) during the reporting period (\$ GST exclusive):	\$9,848
Number of Victorian Aboriginal businesses engaged during the reporting period:	1
Total amount spent with Victorian Aboriginal businesses (direct spend) during the reporting period (\$ GST exclusive):	\$9,340

## Financial Statements

### Financial Year ended 30 June 2023

#### ***Board member's, accountable officer's, and chief finance & accounting officer's declaration***

The attached financial statements for Gippsland Southern Health Service have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of Gippsland Southern Health Service at 30 June 2023.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 13th October, 2023.

#### **Board member**

#### **Accountable Officer**

#### **Chief Finance & Accounting Officer**




Athina Georgiou

Louise Sparkes

Jason O'Reilly

Chair

Chief Executive Officer

Chief Finance and Accounting Officer

Leongatha

Leongatha

Leongatha

13th October, 2023

13th October, 2023

13th October, 2023

# Independent Auditor's Report – 2022–23



## Independent Auditor's Report

### To the Board of Gippsland Southern Health Service

---

<b>Opinion</b>	<p>I have audited the financial report of Gippsland Southern Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2023</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• Board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

---

---

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

---



Dominika Ryan  
*as delegate for the Auditor-General of Victoria*

MELBOURNE  
30 October 2023

# Start of Financials

## Gippsland Southern Health Service Comprehensive Operating Statement For the Financial Year Ended 30 June 2023

	Total 2023 \$'000	Total 2022 \$'000
<b>Revenue and income from transactions</b>		
Operating activities	2.1 50,643	47,010
Non-operating activities	2.1 575	65
Share of revenue from joint operations	8.7 1,463	1,608
<b>Total revenue and income from transactions</b>	<b>52,681</b>	<b>48,683</b>
<b>Expenses from transactions</b>		
Employee expenses	3.1 (41,240)	(37,218)
Supplies and consumables	3.1 (3,716)	(3,670)
Finance costs	3.1 (9)	(5)
Depreciation and amortisation	3.1 (4,630)	(4,243)
Other administrative expenses	3.1 (2,456)	(2,301)
Other operating expenses	3.1 (2,293)	(2,142)
Other non-operating expenses	3.1 (4)	(1)
Share of expenditure from joint operations	8.7 (1,476)	(1,703)
<b>Total Expenses from transactions</b>	<b>(55,824)</b>	<b>(51,283)</b>
<b>Net result from transactions - net operating balance</b>	<b>(3,143)</b>	<b>(2,600)</b>
<b>Other economic flows included in net result</b>		
Net gain/(loss) on sale of non-financial assets	3.2 12	16
Other gain/(loss) from other economic flows	3.2 19	67
<b>Total other economic flows included in net result</b>	<b>31</b>	<b>83</b>
<b>Net result for the year</b>	<b>(3,112)</b>	<b>(2,517)</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to net result</b>		
Changes in property, plant and equipment revaluation surplus	4.3 -	7,631
<b>Total other comprehensive income</b>	<b>-</b>	<b>7,631</b>
<b>Comprehensive result for the year</b>	<b>(3,112)</b>	<b>5,114</b>

This Statement should be read in conjunction with the accompanying notes.

**Gippsland Southern Health Service**  
**Balance Sheet**  
**As at 30 June 2023**

	Total 2023 \$'000	Total 2022 \$'000
<b>Current assets</b>		
Cash and cash equivalents	6.2 20,943	18,617
Receivables	5.1 1,070	1,814
Contract assets	5.2 669	13
Inventories	4.5 146	203
Other assets	372	275
<b>Total current assets</b>	<b>23,200</b>	<b>20,922</b>
<b>Non-current assets</b>		
Receivables	5.1 1,984	1,410
Property, plant and equipment	4.1 (a) 74,351	78,126
Right of use assets	4.2 (a) 107	135
<b>Total non-current assets</b>	<b>76,442</b>	<b>79,671</b>
<b>Total assets</b>	<b>99,642</b>	<b>100,593</b>
<b>Current liabilities</b>		
Payables	5.3 2,806	2,530
Contract liabilities	5.4 282	-
Borrowings	6.1 28	30
Employee benefits	3.3 8,240	7,902
Other liabilities	5.5 9,283	8,150
<b>Total current liabilities</b>	<b>20,639</b>	<b>18,612</b>
<b>Non-current liabilities</b>		
Borrowings	6.1 78	104
Employee benefits	3.3 597	437
<b>Total non-current liabilities</b>	<b>675</b>	<b>541</b>
<b>Total liabilities</b>	<b>21,314</b>	<b>19,153</b>
<b>Net assets</b>	<b>78,328</b>	<b>81,440</b>
<b>Equity</b>		
Property, plant and equipment revaluation surplus	4.3 49,219	49,219
Restricted specific purpose reserve	SCE 113	113
Contributed capital	SCE 24,787	24,787
Accumulated surplus	SCE 4,209	7,321
<b>Total equity</b>	<b>78,328</b>	<b>81,440</b>

This Statement should be read in conjunction with the accompanying notes.

**Gippsland Southern Health Service**  
**Cash Flow Statement**  
**For the Financial Year Ended 30 June 2023**

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Cash Flows from operating activities</b>		
Operating grants from State Government	31,969	30,701
Operating grants from Commonwealth Government	10,702	9,575
Capital grants from government - State	887	463
Patient fees received	3,329	3,270
Donations and bequests received	5	-
GST received from ATO	804	543
Interest and investment income received	575	35
Commercial Income Received	1,879	1,291
Other receipts	1,361	178
<b>Total receipts</b>	<b>51,511</b>	<b>46,056</b>
Payments to employees	(35,628)	(33,384)
Payments to contractors and consultants	(4,991)	(3,433)
Payments for supplies and consumables	(3,713)	(3,976)
Payments for medical indemnity insurance	(466)	(444)
Payments for repairs and maintenance	(1,315)	(1,160)
Finance Costs	(9)	(5)
Payment for share of rural health alliance	(869)	(825)
Other payments	(2,397)	(2,214)
<b>Total payments</b>	<b>(49,388)</b>	<b>(45,441)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>2,123</b>	<b>615</b>
<b>Cash Flows from investing activities</b>		
Purchase of property, plant and equipment	(688)	(1,603)
Capital donations and bequests received	31	640
Other capital receipts	64	77
Proceeds from disposal of property, plant and equipment	12	16
<b>Net cash flows from/(used in) investing activities</b>	<b>(581)</b>	<b>(870)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(14)	(8)
Receipt of accommodation deposits	5,043	3,187
Repayment of accommodation deposits	(4,245)	(6,250)
<b>Net cash flows from /(used in) financing activities</b>	<b>784</b>	<b>(3,071)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>2,326</b>	<b>(3,326)</b>
Cash and cash equivalents at beginning of year	18,617	21,943
<b>Cash and cash equivalents at end of year</b>	<b>20,943</b>	<b>18,617</b>

This Statement should be read in conjunction with the accompanying notes.



**Gippsland Southern Health Service  
Statement of Changes in Equity  
For the Financial Year Ended 30 June 2023**

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Reserve	Contributed Capital	Accumulated Surplus	Total
Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total</b>					
<b>Balance at 30 June 2021</b>	<b>41,588</b>	<b>113</b>	<b>24,787</b>	<b>9,838</b>	<b>76,326</b>
Net result for the year	-	-	-	(2,517)	(2,517)
Other comprehensive income for the year	7,631	-	-	-	7,631
<b>Balance at 30 June 2022</b>	<b>49,219</b>	<b>113</b>	<b>24,787</b>	<b>7,321</b>	<b>81,440</b>
Net result for the year	-	-	-	(3,112)	(3,112)
Other comprehensive income for the year	-	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>49,219</b>	<b>113</b>	<b>24,787</b>	<b>4,209</b>	<b>78,328</b>

This Statement of changes in equity should be read in conjunction with the accompanying notes.

**Gippsland Southern Health Service**  
**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2023**

## **Note 1: Basis of preparation**

### **Structure**

- 1.1 Basis of preparation of the financial statements*
- 1.2 Impact of COVID-19 pandemic*
- 1.3 Abbreviations and terminology used in the financial statements*
- 1.4 Joint arrangements*
- 1.5 Key accounting estimates and judgements*
- 1.6 Accounting standards issued but not yet effective*
- 1.7 Goods and Services Tax (GST)*
- 1.8 Reporting entity*

# Gippsland Southern Health Service

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

## Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Gippsland Southern Health Service for the year ended 30 June 2023. The report provides users with information about Gippsland Southern Health Service's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements.

#### **Note 1.1: Basis of preparation of the financial statements**

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

Comparative information for 2022 has been modified where alignment with the current year allocations is required to report consistently from year to year.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance (DTF), and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

Gippsland Southern Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

The financial statements are presented in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Gippsland Southern Health Service on 13th October, 2023.

# **Gippsland Southern Health Service**

## **Notes to the Financial Statements**

### **For the Financial Year Ended 30 June 2023**

#### ***Note 1.2 Impact of COVID-19 pandemic***

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

Where financial impacts of the pandemic are material to Gippsland Southern Health Service, they are disclosed in the explanatory notes. For Gippsland Southern Health Service, this includes:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.
- Note 4: Key assets to support service delivery
- Note 5: Other assets and liabilities
- Note 6: How we finance our operations.

# Gippsland Southern Health Service

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

#### **Note 1.3 Abbreviations and terminology used in the financial statements**

The following table sets out the common abbreviations used throughout the financial statements:

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation

#### **Note 1.4 Joint arrangements**

Interests in joint arrangements are accounted for by recognising in Gippsland Southern Health Service's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Gippsland Southern Health Service has the following joint arrangements:

- Gippsland Health Alliance (GHA)

Details of the joint arrangements are set out in Note 8.7.

#### **Note 1.5 Key accounting estimates and judgements**

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and relate to the following disclosures:

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.2: Right-of-use assets
- Note 4.4: Depreciation and amortisation
- Note 4.6: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Contract assets
- Note 5.3: Payables
- Note 5.4: Contract liabilities
- Note 5.5: Other liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

# Gippsland Southern Health Service

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

#### *Note 1.6 Accounting standards issued but not yet effective*

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Gippsland Southern Health Service and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: <i>Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: <i>Amendments to Australian Accounting Standards - Non-Current Liabilities with Covenants</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: <i>Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: <i>Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: <i>Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of No-for-profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Gippsland Southern Health Service in future periods.

# **Gippsland Southern Health Service**

## **Notes to the Financial Statements**

### **For the Financial Year Ended 30 June 2023**

#### ***Note 1.7 Goods and Services Tax (GST)***

Income, expenses, assets and liabilities are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Balance Sheet are stated inclusive of the amount of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

Commitments and contingent assets and liabilities are presented on a gross basis.

#### ***Note 1.8 Reporting Entity***

The financial statements include all the controlled activities of Gippsland Southern Health Service.

Gippsland Southern Health Service's principal address is:

Koonwarra Road  
Leongatha  
Victoria 3953

A description of the nature of Gippsland Southern Health Service's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

## Note 2: Funding delivery of our services

Gippsland Southern Health Service's overall objective is to provide quality health service and to be a leading regional healthcare provider delivering timely, accessible, integrated and responsive services to the Gippsland community.

Gippsland Southern Health Service is predominantly funded by grant funding for the provision of outputs. Gippsland Southern Health Service also receives income from the supply of services.

### Structure

#### 2.1 Revenue and income from transactions

#### 2.2 Fair value of assets and services received free of charge or for nominal consideration

#### 2.3 Other income

### Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	Gippsland Southern Health Service applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Gippsland Southern Health Service to recognise revenue as or when the health service transfers promised goods or services to customers. If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	Gippsland Southern Health Service applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	Gippsland Southern Health Service applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.
Assets and services received free of charge or for nominal consideration	Gippsland Southern Health Service applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. Where a reliable market value exists it is used to calculate the equivalent value of the service being provided. Where no reliable market value exists, the service is not recognised in the financial statements.



## Note 2.1 Revenue and income from transactions

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Operating activities</b>		
<b>Revenue from contracts with customers</b>		
Government grants (State) - Operating	18,648	19,854
Government grants (Commonwealth) - Operating	10,739	9,575
Patient and resident fees	3,444	3,184
Commercial activities <sup>1</sup>	1,879	1,291
<b>Total revenue from contracts with customers</b>	<b>34,710</b>	<b>33,904</b>
	Note 2.1 (a)	
<b>Other sources of income</b>		
Government grants (State) - Operating	14,001	10,985
Government grants (State) - Capital	887	463
Other capital purpose income	64	77
Capital donations	31	640
Assets received free of charge or for nominal consideration	342	482
Other revenue from operating activities (including non-capital donations)	608	459
<b>Total other sources of income</b>	<b>15,933</b>	<b>13,106</b>
	Note 2.2	
<b>Total revenue and income from operating activities</b>	<b>50,643</b>	<b>47,010</b>
<b>Non-operating activities</b>		
<b>Income from other sources</b>		
Capital interest	278	33
Other interest	297	32
<b>Total other sources of income</b>	<b>575</b>	<b>65</b>
<b>Total income from non-operating activities</b>	<b>575</b>	<b>65</b>
<b>Total revenue and income from transactions</b>	<b>51,218</b>	<b>47,075</b>

1. Commercial activities represent business activities which Gippsland Southern Health Service enter into to support their operations.

## Note 2.1 Revenue and income from transactions (continued)

### Note 2.1(a): Timing of revenue from contracts with customers

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Gippsland Southern Health Service disaggregates revenue by the timing of revenue recognition.		
<b>Goods and services transferred to customers:</b>		
At a point in time	32,831	32,613
Over time	1,879	1,291
<b>Total revenue from contracts with customers</b>	<b>34,710</b>	<b>33,904</b>

### How we recognise revenue and income from transactions

#### Government operating grants

To recognise revenue, Gippsland Southern Health Service assesses each grant to determine whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the health service:

- Identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfied its performance obligations, at a point in time or over time as and when services are rendered.

If a contract liability is recognised, Gippsland Southern Health Service recognises revenue in profit or loss as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the health service:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Gippsland Southern Health Service's goods or services. Gippsland Southern Health Services funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

## Note 2.1 Revenue and income from transactions (continued)

This policy applies to each of Gippsland Southern Health Service's revenue streams, with information detailed below relating to Gippsland Southern Health Service's significant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>
Commonwealth Residential Aged Care Grants	The organisation receives Commonwealth grants for residential aged care clients based on their daily occupation within each facility. These performance obligations have been selected as they align with the Commonwealth Government Aged Care Act 1997. Judgement over performance obligations is evident from occupancy reports maintained in aged care software with monthly submissions provided to the Commonwealth.
Home Care Package Grants	The organisation receives Commonwealth grants for home care package clients with revenue recognised as funds are expended. These performance obligations have been selected as they align with the Commonwealth Government Aged Care Act 1997. The Health Service exercises judgement over whether performance obligations are met. This is measured by reference to financial reports detailing expenditure and available funds for each home care package client
Commonwealth Home Support Program (CHSP) Grants	The organisation contracts with the Commonwealth for the provision of home support to clients over 65 years of age. The contract specifies the services and targets which the organisation measures against in terms of its performance obligations. Measurement is based on service and target outputs derived from the organisation's reporting software.
National Disability Insurance Scheme (NDIS)	The organisation receives funding from the Commonwealth NDIS to support costs associated with disability services provided to eligible clients. The NDIS has pricing arrangements in place that enables the organisation to claim funding based on services provided to its client base. Measurement is based on service outputs derived from the organisation's reporting software.

### Capital grants

Where Gippsland Southern Health Service receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with Gippsland Southern Health Service's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

### Patient and resident fees

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

## **Note 2.1 Revenue and income from transactions (continued)**

### **Commercial activities**

Revenue from commercial activities includes items such as diagnostic imaging, catering, cafeteria and rental income. Commercial revenue is recognised at a point in time, upon provision of the goods or service to the customer.

## Note 2.2 Fair value of assets and services received free of charge or for nominal consideration

	Total 2023 \$'000	Total 2022 \$'000
Cash donations and gifts	5	-
Plant and equipment	153	105
Personal protective equipment	184	377
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>342</b>	<b>482</b>

### How we recognise the fair value of assets and services received free of charge or for nominal consideration

#### Donations and bequests

Donations and bequests are generally recognised as income upon receipt (which is when Gippsland Southern Health Service usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

#### Personal protective equipment

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment.

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Gippsland Southern Health Service as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

#### Contributions of resources

Gippsland Southern Health Service may receive resources for nil or nominal consideration to further its objectives. The resources are recognised at their fair value when Gippsland Southern Health Service obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of Gippsland Southern Health Service as a capital contribution transfer.

**Note 2.2 Fair value of assets and services received free of charge or for nominal consideration**

**Volunteer Services**

Gippsland Southern Health Service receives volunteer services from members of the community to support our residents in aged care and patients within the hospital setting.

Gippsland Southern Health Service recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated. No value has been recorded in the financial statements in the current financial year (2022: \$Nil).

Gippsland Southern Health Service greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

**Non-cash contributions from the Department of Health**

The Department of Health makes some payments on behalf of Gippsland Southern Health Service as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Gippsland Southern Health Service which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular.

**Note 2.3 Other income**

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Recoveries for Salaries & Wages and Services	419	346
Other Income	189	143
<b>Total other income</b>	<b>608</b>	<b>489</b>

**How we recognise other income**

**Interest Income**

Interest income is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant period.

## Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the health service in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

### Structure

#### 3.1 Expenses from transactions

#### 3.2 Other economic flows

#### 3.3 Employee benefits in the balance sheet

#### 3.4 Superannuation

### Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>Gippsland Southern Health Service applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Gippsland Southern Health Service does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Gippsland Southern Health Service has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>
Measuring employee benefit liabilities	<p>Gippsland Southern Health Service applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate:</p> <ul style="list-style-type: none"> <li>• an inflation rate of 4.35%, reflecting the future wage and salary levels</li> <li>• durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 22% and 86%</li> <li>• discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period.</li> </ul>



### Note 3.1 Expenses from transactions

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Salaries and wages	27,907	26,511
On-costs	7,347	6,381
Agency expenses	2,203	1,015
Fee for service medical officer expenses	2,788	2,418
Workcover premium	995	893
<b>Total employee expenses</b>	<b>41,240</b>	<b>37,218</b>
Drug supplies	251	277
Medical and surgical supplies (including Prostheses)	1,635	1,722
Diagnostic and radiology supplies	277	281
Other supplies and consumables	1,553	1,390
<b>Total supplies and consumables</b>	<b>3,716</b>	<b>3,670</b>
Finance costs	9	5
<b>Total finance costs</b>	<b>9</b>	<b>5</b>
Other administrative expenses	2,456	2,301
<b>Total other administrative expenses</b>	<b>2,456</b>	<b>2,301</b>
Fuel, light, power and water	625	587
Repairs and maintenance	899	764
Maintenance contracts	283	241
Medical indemnity insurance	466	444
Expenditure for capital purposes	20	106
<b>Total other operating expenses</b>	<b>2,293</b>	<b>2,142</b>
<b>Total operating expense</b>	<b>49,714</b>	<b>45,336</b>
Depreciation and amortisation	4,630	4,243
<b>Total depreciation and amortisation</b>	<b>4,630</b>	<b>4,243</b>
Bad and doubtful debt expense	4	1
<b>Total other non-operating expenses</b>	<b>4</b>	<b>1</b>
<b>Total non-operating expense</b>	<b>4,634</b>	<b>4,244</b>
<b>Total expenses from transactions</b>	<b>54,348</b>	<b>49,580</b>

### Note 3.1 Expenses from transactions

#### How we recognise expenses from transactions

##### Expense recognition

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

##### Employee expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On-costs
- Agency expenses
- Fee for service medical officer expenses
- Work cover premiums.

##### Supplies and consumables

Supplies and consumable costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

##### Finance costs

Finance costs include:

- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

##### Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

The Department of Health also makes certain payments on behalf of Gippsland Southern Health Service. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

##### Non-operating expenses

Other non-operating expenses generally represent expenditure outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

### Note 3.2 Other economic flows included in net result

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Net gain/(loss) on disposal of property plant and equipment	12	16
<b>Total net gain/(loss) on non-financial assets</b>	<b>12</b>	<b>16</b>
Net gain/(loss) arising from revaluation of long service liability	19	67
<b>Total other gains/(losses) from other economic flows</b>	<b>19</b>	<b>67</b>
<b>Total gains/(losses) from other economic flows</b>	<b>31</b>	<b>83</b>

#### How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

#### Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

- revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.1 Property plant and equipment)
- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

### Note 3.3 Employee benefits and related on-costs

	Total 2023 \$'000	Total 2022 \$'000
<b>Current employee benefits and related on-costs</b>		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	91	75
	<b>91</b>	<b>75</b>
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	2,841	2,538
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	454	409
	<b>3,295</b>	<b>2,947</b>
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	525	464
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	3,279	3,446
	<b>3,804</b>	<b>3,910</b>
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	485	431
Unconditional and expected to be settled after 12 months <sup>ii</sup>	565	539
	<b>1,050</b>	<b>970</b>
	<b>8,240</b>	<b>7,902</b>
<b>Total current employee benefits and related on-costs</b>		
<b>Non-current provisions and related on-costs</b>		
Conditional long service leave	518	377
Provisions related to employee benefit on-costs	79	60
<b>Total non-current employee benefits and related on-costs</b>	<b>597</b>	<b>437</b>
	<b>8,837</b>	<b>8,339</b>
<b>Total employee benefits and related on-costs</b>	<b>8,837</b>	<b>8,339</b>

<sup>i</sup> The amounts disclosed are nominal amounts.

<sup>ii</sup> The amounts disclosed are discounted to present values.

### Note 3.3 (a) Employee benefits and related on-costs

	Total 2023 \$'000	Total 2022 \$'000
<b>Current employee benefits and related on-costs</b>		
Unconditional accrued days off	103	75
Unconditional annual leave entitlements	3,757	3,370
Unconditional long service leave entitlements	4,380	4,457
<b>Total current employee benefits and related on-costs</b>	<b>8,240</b>	<b>7,902</b>
<b>Non-current employee benefits and related on-costs</b>		
Conditional long service leave entitlements	597	437
<b>Total non-current employee benefits and related on-costs</b>	<b>597</b>	<b>437</b>
<b>Total employee benefits and related on-costs</b>	<b>8,837</b>	<b>8,339</b>
<b>Attributable to:</b>		
Employee benefits	7,708	7,309
Provision for related on-costs	1,129	1,030
<b>Total employee benefits and related on-costs</b>	<b>8,837</b>	<b>8,339</b>

### Note 3.3 (b) Provision for related on-costs movement schedule

	Total 2023 \$'000	Total 2022 \$'000
<b>Carrying amount at start of year</b>	1,030	872
Additional provisions recognised	558	539
Revaluation impact of changes in discount rate	2	7
Amounts incurred during the year	(461)	(389)
<b>Carrying amount at end of year</b>	<b>1,129</b>	<b>1,030</b>

#### How we recognise employee benefits

##### Employee benefit recognition

Employee benefits are accrued for employees in respect of accrued days off, annual leave and long service leave for services rendered to the reporting date.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

##### Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because Gippsland Southern Health Service does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

- Nominal value – if Gippsland Southern Health Service expects to wholly settle within 12 months or
- Present value – if Gippsland Southern Health Service does not expect to wholly settle within 12 months.

### **Note 3.3 (a) Employee benefits and related on-costs (continued)**

#### **Long service leave**

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Gippsland Southern Health Service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if Gippsland Southern Health Service expects to wholly settle within 12 months or
- Present value – if Gippsland Southern Health Service does not expect to wholly settle within 12 months.

Conditional LSL is measured at present value and is disclosed as a non-current liability. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

#### **Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

#### **Provision for on-costs related to employee benefits**

Provision for on-costs such as workers compensation and superannuation are recognised separately from employee benefits.

### Note 3.4 Superannuation

	Paid contribution for the year		Contribution Outstanding at Year-end	
	Total	Total	Total	Total
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Defined benefit plans:<sup>i</sup></b>				
Aware Super	4	4	-	-
<b>Defined contribution plans:</b>				
Aware Super	1,559	1,498	-	111
Hesta	1,020	923	-	79
Other	612	451	-	48
<b>Total</b>	<b>3,195</b>	<b>2,876</b>	<b>-</b>	<b>238</b>

<sup>i</sup> The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

#### How we recognise superannuation

Employees of Gippsland Southern Health Service are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

#### Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Gippsland Southern Health Service to the superannuation plans in respect of the services of current Gippsland Southern Health Service's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Gippsland Southern Health Service does not recognise any unfunded defined benefit liability in respect of the plans because the health service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Gippsland Southern Health Service.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by Gippsland Southern Health Service are disclosed above.

#### Defined contribution superannuation plans

Defined contribution (i.e. accumulation) superannuation plans expenditure is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by Gippsland Southern Health Service are disclosed above.

## Note 4: Key assets to support service delivery

Gippsland Southern Health Service controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Gippsland Southern Health Service to be utilised for delivery of those outputs.

### Structure

*4.1 Property, plant & equipment*

*4.2 Right-of-use assets*

*4.3 Revaluation surplus*

*4.4 Depreciation and amortisation*

*4.5 Inventories*

*4.6 Impairment of assets*

### Telling the COVID-19 story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.



## Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Gippsland Southern Health Service assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Gippsland Southern Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Identifying indicators of impairment	<p>At the end of each year, Gippsland Southern Health Service assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> <li>▪ If an asset's value has declined more than expected based on normal use</li> <li>▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>▪ If an asset is obsolete or damaged</li> <li>▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life</li> <li>▪ If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

## Note 4.1 Property, plant and equipment

### Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2023 \$'000	Total 2022 \$'000
Land at fair value - Freehold	6,935	6,935
<b>Total land at fair value</b>	<b>6,935</b>	<b>6,935</b>
Buildings at fair value	66,152	66,152
Less accumulated depreciation	(3,774)	-
<b>Total buildings at fair value</b>	<b>62,378</b>	<b>66,152</b>
Site improvements at fair value	1,328	446
Less accumulated depreciation	(71)	-
<b>Total site improvements at fair value</b>	<b>1,257</b>	<b>446</b>
<b>Total buildings and improvements</b>	<b>63,635</b>	<b>66,598</b>
<b>Total land and buildings</b>	<b>70,570</b>	<b>73,533</b>
Plant and equipment at fair value	3,120	3,060
Less accumulated depreciation	(2,052)	(1,907)
<b>Total plant and equipment at fair value</b>	<b>1,068</b>	<b>1,153</b>
Motor vehicles at fair value	920	959
Less accumulated depreciation	(914)	(924)
<b>Total motor vehicles at fair value</b>	<b>6</b>	<b>35</b>
Computer equipment at fair value	1,103	946
Less accumulated depreciation	(827)	(745)
<b>Total computer equipment at fair value</b>	<b>276</b>	<b>201</b>
Furniture and fittings at fair value	275	273
Less accumulated depreciation	(190)	(174)
<b>Total furniture and fittings at fair value</b>	<b>85</b>	<b>99</b>
<b>Total plant and equipment</b>	<b>1,435</b>	<b>1,488</b>
Medical equipment at fair value	8,091	7,683
Less accumulated depreciation	(5,751)	(5,282)
<b>Total medical equipment at fair value</b>	<b>2,340</b>	<b>2,401</b>
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>3,775</b>	<b>3,889</b>
Work in Progress - At Cost	6	704
<b>Total Work in Progress</b>	<b>6</b>	<b>704</b>
<b>Total property, plant and equipment</b>	<b>74,351</b>	<b>78,126</b>

**Note 4.1 (b) Reconciliations of the carrying amounts by class of asset**

	Land \$'000	Buildings \$'000	Site Improvements \$'000	Works in Progress \$'000	Plant & equipment \$'000	Medical Equipment \$'000	Total \$'000
<b>Balance at 1 July 2021</b>	5,721	63,191	448	-	1,697	1,964	73,021
Additions	-	-	-	704	176	828	1,708
Disposals	-	-	-	-	-	-	-
Revaluation increments/(decrements)	1,214	6,374	43	-	-	-	7,631
Net transfers between classes	-	-	-	-	-	-	-
Depreciation	-	(3,413)	(45)	-	(385)	(391)	(4,234)
<b>Balance at 30 June 2022</b>	<b>6,935</b>	<b>66,152</b>	<b>446</b>	<b>704</b>	<b>1,488</b>	<b>2,401</b>	<b>78,126</b>
Additions	-	-	-	201	232	408	841
Disposals	-	-	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-	-	-
Net Transfers between classes	-	-	883	(899)	16	-	-
Depreciation	-	(3,774)	(72)	-	(301)	(469)	(4,616)
<b>Balance at 30 June 2023</b>	<b>6,935</b>	<b>62,378</b>	<b>1,257</b>	<b>6</b>	<b>1,435</b>	<b>2,340</b>	<b>74,351</b>

**Land and Buildings Carried at Valuation**

The Valuer-General Victoria undertook to re-value all of Gippsland Southern Health Services land to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2022. The fair value of buildings was adjusted by a managerial revaluation effective 30 June 2022.

#### **Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset**

##### **How we recognise property, plant and equipment**

Property, plant and equipment are tangible items that are used by Gippsland Southern Health Service in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

##### **Initial recognition**

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

##### **Subsequent measurement**

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed in Note 7.4.

##### **Revaluation**

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, Gippsland Southern Health Service perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (GV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, Gippsland Southern Health Service would obtain an interim independent valuation prior to the next scheduled independent valuation.

#### Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

##### Revaluation (Continued)

An independent valuation of Gippsland Southern Health Service's land was performed by the VGV on 30 June 2022. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The fair value of buildings was adjusted by a managerial revaluation effective 30 June 2022. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment was performed at 30 June 2023 and indicated an overall:

- increase in fair value of land of 0% (\$0).
- increase in fair value of buildings of 6.86% (\$4.334m).
- increase in fair value of site improvements of 2.08% (\$0.028M).

As the cumulative movement was less than 10% for land and buildings since the last revaluation a managerial revaluation adjustment was not required as at 30 June 2023.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, in which case the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

**Note 4.2 Right-of-use assets**

**Note 4.2(a) Gross carrying amount and accumulated depreciation**

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Right of use plant, equipment, furniture, fittings and vehicles at fair value	130	144
Less accumulated depreciation	(23)	(9)
<b>Total right of use plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>107</b>	<b>135</b>
<b>Total right of use plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>107</b>	<b>135</b>
<b>Total right of use assets</b>	<b>107</b>	<b>135</b>

#### Note 4.2(b) Reconciliations of the carrying amounts by class of asset

	Note	Right-of-use - PE, FF&V \$'000	Total \$'000
<b>Balance at 1 July 2021</b>		<b>55</b>	<b>55</b>
Additions		89	89
Depreciation	4.4	(9)	(9)
<b>Balance at 30 June 2022</b>	4.2(a)	<b>135</b>	<b>135</b>
Additions		-	-
Disposals		(14)	(14)
Depreciation	4.4	(14)	(14)
<b>Balance at 30 June 2023</b>	4.2(a)	<b>107</b>	<b>107</b>

#### How we recognise right-of-use assets

Where Gippsland Southern Health Service enters a contract, which provides the health service with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. Gippsland Southern Health Service presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

Right-of-use assets and their respective lease terms include:

Class of right-of-use asset	Lease term
Leased plant, equipment, furniture, fittings and vehicles	1 to 4 years

#### Initial recognition

When a contract is entered into, Gippsland Southern Health Service assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1.

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- any lease payments made at or before the commencement date
- any initial direct costs incurred and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

#### Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.4.

### Note 4.3 Revaluation Surplus

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Balance at the beginning of the reporting period	49,219	41,588
<b>Revaluation increment</b>		
- Land	4.1 (b) -	1,214
- Buildings	4.1 (b) -	6,374
- Site Improvements	4.1 (b) -	43
<b>Total revaluation increment</b>	<b>-</b>	<b>7,631</b>
<b>Balance at the end of the Reporting Period*</b>	<b>49,219</b>	<b>49,219</b>
<b>* Represented by:</b>		
- Land	5,334	5,334
- Buildings	42,278	42,278
- Site Improvements	1,607	1,607
	<b>49,219</b>	<b>49,219</b>



#### Note 4.4 Depreciation

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Depreciation</b>		
<b>Property, plant and equipment</b>		
Buildings	3,774	3,413
Site Improvements	72	45
Plant and equipment	144	151
Motor vehicles	30	88
Medical equipment	469	391
Computer equipment	112	131
Furniture and fittings	15	15
<b>Total depreciation - property, plant and equipment</b>	<b>4,616</b>	<b>4,234</b>
<b>Right-of-use assets</b>		
Right of use - plant, equipment, furniture, fittings and motor vehicles	14	9
<b>Total depreciation - right-of-use assets</b>	<b>14</b>	<b>9</b>
<b>Total Depreciation</b>	<b>4,630</b>	<b>4,243</b>
<b>Total depreciation and amortisation</b>	<b>4,630</b>	<b>4,243</b>

#### How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding land) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

#### Note 4.4 Depreciation (continued)

The following table indicates the expected useful lives of non-current assets on which the depreciation charges are based.

	2023	2022
Buildings		
- Structure shell building fabric	15 to 50 years	15 to 50 years
- Site engineering services and central plant	15 to 21 years	15 to 21 years
Central Plant		
- Fit Out	10 to 25 years	10 to 25 years
- Trunk reticulated building system	11 to 30 years	11 to 30 years
Site improvements	15 to 50 years	15 to 50 years
Plant and equipment	3 to 18 years	3 to 18 years
Medical equipment	2 to 15 years	2 to 15 years
Computers and communication	2 to 10 years	2 to 10 years
Furniture and fitting	5 to 20 years	5 to 20 years
Motor Vehicles	4 to 5 years	4 to 5 years

As part of the building valuation, building values are separated into components and each component assessed for its useful life which is represented above.

**Note 4.5 Inventories**

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Medical and surgical consumables at cost	25	99
Pharmacy supplies at cost	74	76
General stores at cost	47	28
<b>Total inventories</b>	<b>146</b>	<b>203</b>

**How we recognise inventories**

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets. Inventories are measured at the lower of cost and net realisable value.

#### **Note 4.6: Impairment of assets**

##### **How we recognise impairment**

At the end of each reporting period, Gippsland Southern Health Service reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Gippsland Southern Health Service which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, Gippsland Southern Health Service compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Gippsland Southern Health Service estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Gippsland Southern Health Service did not record any impairment losses for the year ended 30 June 2023.

## Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Gippsland Southern Health Service's operations.

### Structure

#### 5.1 Receivables

#### 5.2 Contract assets

#### 5.3 Payables

#### 5.4 Contract liabilities

#### 5.5 Other liabilities

### Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Gippsland Southern Health Service uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where Gippsland Southern Health Service has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.  Gippsland Southern Health Service applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.
Measuring contract liabilities	Gippsland Southern Health Service applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

## Note 5.1 Receivables

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Current receivables</b>		
<b>Contractual</b>		
Inter hospital debtors	71	24
Trade receivables	362	443
Patient fees	543	432
Allowance for impairment losses - Patient Fees	(38)	(38)
Accrued revenue	7	378
Amounts receivable from governments and agencies	24	431
<b>Total contractual receivables</b>	<b>969</b>	<b>1,670</b>
<b>Statutory</b>		
GST receivable	101	144
<b>Total statutory receivables</b>	<b>101</b>	<b>144</b>
<b>Total current receivables</b>	<b>1,070</b>	<b>1,814</b>
<b>Non-current receivables</b>		
<b>Contractual</b>		
Long service leave - Department of Health	1,984	1,410
<b>Total contractual receivables</b>	<b>1,984</b>	<b>1,410</b>
<b>Total non-current receivables</b>	<b>1,984</b>	<b>1,410</b>
<b>Total receivables</b>	<b>3,054</b>	<b>3,224</b>
<i>(i) Financial assets classified as receivables (Note 7.1(a))</i>		
Total receivables	3,054	3,224
Provision for impairment	38	38
GST receivable	(101)	(144)
Total financial assets classified as receivables	<b>2,991</b>	<b>3,118</b>

**Note 5.1 (a) Movement in the allowance for impairment losses of contractual receivables**

	Total 2023 \$'000	Total 2022 \$'000
<b>Balance at the beginning of the year</b>	38	37
Increase in allowance	4	2
Amounts written off during the year	(4)	(1)
Reversal of allowance written off during the year as uncollectable	-	-
<b>Balance at the end of the year</b>	<b>38</b>	<b>38</b>

**How we recognise receivables**

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
  
- **Statutory receivables** includes Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

**Impairment losses of contractual receivables**

Refer to Note 7.2 (a) for Gippsland Southern Health Service's contractual impairment losses.

**Note 5.2 Contract assets**

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Balance at the beginning of the year</b>	13	-
Add: Additional costs incurred that are recoverable from the customer	669	13
Less: Transfer to trade receivable or cash at bank	(13)	-
<b>Total contract assets</b>	<b>669</b>	<b>13</b>
<b>* Represented by:</b>		
- Current assets	669	13
	<b>669</b>	<b>13</b>

**How we recognise contract assets**

Contract assets relate to the Gippsland Southern Health Service’s right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. Contract assets are expected to be recovered during the next financial year.



### Note 5.3 Payables

	Total 2023 \$'000	Total 2022 \$'000
<b>Current payables</b>		
<b>Contractual</b>		
Trade creditors	417	489
Accrued salaries and wages	608	504
Accrued expenses	635	510
Amounts payable to governments and agencies	1,146	1,027
<b>Total contractual payables</b>	<b>2,806</b>	<b>2,530</b>
<b>Total current payables</b>	<b>2,806</b>	<b>2,530</b>
<b>Total payables</b>	<b>2,806</b>	<b>2,530</b>
<i>(i) Financial liabilities classified as payables (Note 7.1(a))</i>		
Total payables	2,806	2,530
Total financial liabilities	7.1(a) <b>2,806</b>	<b>2,530</b>

#### How we recognise payables

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Gippsland Southern Health Service prior to the end of the financial year that are unpaid.
- **Statutory payables** comprises Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually Net 60 days.

#### Note 5.4 Contract liabilities

	Total 2023 \$'000	Total 2022 \$'000
<b>Opening balance of contract liabilities</b>	-	-
Grant consideration for sufficiently specific performance obligations received during the year	29,669	29,429
Revenue recognised for the completion of a performance obligation	(29,387)	(29,429)
<b>Total contract liabilities</b>	<b>282</b>	-
<b>* Represented by:</b>		
- Current contract liabilities	282	-
	<b>282</b>	-

#### How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of activity based services.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

#### Maturity analysis of payables

Please refer to Note 7.2(b) for the maturity analysis of payables.

## Note 5.5 Other liabilities

	Total 2023 \$'000	Total 2022 \$'000
<b>Current monies held in trust</b>		
Refundable accommodation deposits	8,926	8,128
GHA Other current liabilities	357	22
<b>Total current monies held in trust</b>	<b>9,283</b>	<b>8,150</b>
<b>Total other liabilities</b>	<b>9,283</b>	<b>8,150</b>
<b>* Represented by:</b>		
- Cash assets	6.2 8,926	8,128
	<b>8,926</b>	<b>8,128</b>

### How we recognise other liabilities

#### Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Gippsland Southern Health Service upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the *Aged Care Act 1997*.

## Note 6: How we finance our operations

This section provides information on the sources of finance utilised by Gippsland Southern Health Service during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Gippsland Southern Health Service.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

### Structure

#### *6.1 Borrowings*

#### *6.2 Cash and cash equivalents*

#### *6.3 Commitments for expenditure*

### Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

## Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>Gippsland Southern Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> <li>▪ has the right-to-use an identified asset</li> <li>▪ has the right to obtain substantially all economic benefits from the use of the leased asset and</li> <li>▪ can decide how and for what purpose the asset is used throughout the lease.</li> </ul>
Determining if a lease meets the short-term or low value asset lease exemption	<p>Gippsland Southern Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>Gippsland Southern Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Gippsland Southern Health Service uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p> <p>For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 2.0% and 5.0%.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Gippsland Southern Health Service is reasonably certain to exercise such options.</p> <p>Gippsland Southern Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> <li>▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul>

## Note 6.1 Borrowings

	Total 2023 \$'000	Total 2022 \$'000
<b>Current borrowings</b>		
Lease liability <sup>(i)</sup>	28	30
<b>Total current borrowings</b>	<b>28</b>	<b>30</b>
<b>Non-current borrowings</b>		
Lease liability <sup>(i)</sup>	78	104
<b>Total non-current borrowings</b>	<b>78</b>	<b>104</b>
<b>Total borrowings</b>	<b>106</b>	<b>134</b>

<sup>i</sup> Secured by the assets leased.

<sup>ii</sup> These are secured loans which bear no interest.

### How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities and other interest-bearing arrangements.

### Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs.

### Subsequent measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

### Maturity analysis

Please refer to Note 7.2(b) for the maturity analysis of borrowings.

### Defaults and breaches

During the current and prior year, there were no defaults and breaches of any of the loans.

## Note 6.1 (a) Lease liabilities

Gippsland Southern Health Service's lease liabilities are summarised below:

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Total undiscounted lease liabilities	109	140
Less unexpired finance expenses	(3)	(6)
<b>Net lease liabilities</b>	<b>106</b>	<b>134</b>

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Not longer than one year	30	33
Longer than one year but not longer than five years	79	107
<b>Minimum future lease liability</b>	<b>109</b>	<b>140</b>
Less unexpired finance expenses	(3)	(6)
<b>Present value of lease liability</b>	<b>106</b>	<b>134</b>
<b>* Represented by:</b>		
- Current liabilities	28	30
- Non-current liabilities	78	104
	<b>106</b>	<b>134</b>

### How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for Gippsland Southern Health Service to use an asset for a period of time in exchange for payment.

To apply this definition, Gippsland Southern Health Service ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Gippsland Southern Health Service and for which the supplier does not have substantive substitution rights
- Gippsland Southern Health Service has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Gippsland Southern Health Service has the right to direct the use of the identified asset throughout the period of use and
- Gippsland Southern Health Service has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Gippsland Southern Health Service's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased plant, equipment, furniture, fittings and vehicles	1 to 4 years

#### **Note 6.1 (a) Lease liabilities**

##### **Initial measurement**

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Gippsland Southern Health Services incremental borrowing rate. Our lease liability has been discounted by rates of between 2% to 5%.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee and
- payments arising from purchase and termination options reasonably certain to be exercised.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$Nil.

##### **Subsequent measurement**

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.



## Note 6.2 Cash and Cash Equivalents

	Total 2023 \$'000	Total 2022 \$'000
Cash on hand (excluding monies held in trust)	1	1
Cash at bank (excluding monies held in trust)	5,205	2,352
Cash at bank - CBS (excluding monies held in trust)	6,811	8,136
<b>Total cash held for operations</b>	<b>12,017</b>	<b>10,489</b>
Cash at bank - CBS (monies held in trust)	8,926	8,128
<b>Total cash held as monies in trust</b>	<b>8,926</b>	<b>8,128</b>
<b>Total cash and cash equivalents</b>	<b>20,943</b>	<b>18,617</b>

7.1 (a)

### How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet. The cash flow statement includes monies held in trust.

### Note 6.3 Commitments for expenditure

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Capital expenditure commitments</b>		
Less than one year	-	240
<b>Total capital expenditure commitments</b>	<b>-</b>	<b>240</b>
<b>Operating Expenditure Commitments - Maintenance Service Contracts</b>		
Less than one year	518	333
Longer than one year but not longer than five years	483	412
Five years or more	228	352
<b>Total operating expenditure commitments</b>	<b>1,229</b>	<b>1,097</b>
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>1,229</b>	<b>1,337</b>
Less GST recoverable from Australian Tax Office	(112)	(122)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>1,117</b>	<b>1,215</b>

Future lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

#### How we disclose our commitments

Our commitments relate to expenditure and short term and low value leases.

#### Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

## Note 7: Risks, contingencies and valuation uncertainties

Gippsland Southern Health Service is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the health service is related mainly to fair value determination.

### Structure

#### *7.1 Financial instruments*

#### *7.2 Financial risk management objectives and policies*

#### *7.3 Contingent assets and contingent liabilities*

#### *7.4 Fair value determination*

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Gippsland Southern Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p>

## Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Gippsland Southern Health Service uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> <li>▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Gippsland Southern Health Service's [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are measured using this approach.</li> <li>▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Gippsland Southern Health Service's [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach.</li> <li>▪ Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Gippsland Southern Health Service does not use this approach to measure fair value.</li> </ul> <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> <li>▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Gippsland Southern Health Service does not categorise any fair values within this level.</li> <li>▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Gippsland Southern Health Service categorises non-specialised land and right-of-use concessionary land in this level.</li> <li>▪ Level 3, where inputs are unobservable. Gippsland Southern Health Service categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.</li> </ul>

**Note 7.1: Financial instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Gippsland Southern Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

**Note 7.1 (a) Categorisation of financial instruments**

		Financial Assets at		Financial Liabilities		
		Amortised Cost	at Amortised Cost	Amortised Cost	at Amortised Cost	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total</b>						
<b>30 June 2023</b>						
<b>Contractual Financial Assets</b>						
Cash and Cash Equivalents	6.2	20,943	-	-	-	20,943
Receivables	5.1	2,991	-	-	-	2,991
<b>Total Financial Assets<sup>i</sup></b>		<b>23,934</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,934</b>
<b>Financial Liabilities</b>						
Payables	5.3	-	-	2,806	-	2,806
Borrowings	6.1	-	-	106	-	106
Other Financial Liabilities - Refundable Accommodation Deposits	5.5	-	-	8,926	-	8,926
Other Financial Liabilities - Other monies held in trust	5.5	-	-	357	-	357
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>-</b>	<b>12,195</b>	<b>-</b>	<b>12,195</b>

### Note 7.1 (a) Categorisation of financial instruments

Total 30 June 2022	Financial Assets at Amortised Cost		Financial Liabilities at Amortised Cost		Total \$'000
	Note	\$'000	\$'000	\$'000	
<b>Contractual Financial Assets</b>					
Cash and cash equivalents	6.2	18,617	-	-	18,617
Receivables	5.1	3,118	-	-	3,118
<b>Total Financial Assets<sup>i</sup></b>		<b>21,735</b>	<b>-</b>	<b>-</b>	<b>21,735</b>
<b>Financial Liabilities</b>					
Payables	5.3	-	2,530	-	2,530
Borrowings	6.1	-	134	-	134
Other Financial Liabilities - Refundable Accommodation Deposits	5.5	-	8,128	-	8,128
Other Financial Liabilities - Other monies held in trust	5.5	-	22	-	22
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>10,814</b>	<b>-</b>	<b>10,814</b>

<sup>i</sup> The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. Revenue in Advance).

#### How we categorise financial instruments

##### Categories of financial assets

Financial assets are recognised when Gippsland Southern Health Service becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Gippsland Southern Health Service commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

### Note 7.1 (a) Categorisation of financial instruments

#### Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Gippsland Southern Health Service solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method less any impairment.

Gippsland Southern Health Service recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

### Note 7.1 (a) Categorisation of financial instruments

#### Financial assets at fair value through net result

Gippsland Southern Health Service initially designates a financial instrument as measured at fair value through net result if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis or
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Gippsland Southern Health Service recognises listed equity securities as mandatorily measured at fair value through net result and has designated all managed investment schemes as well as certain 5-year government bonds as fair value through net result.

#### **Categories of financial liabilities**

Financial liabilities are recognised when Gippsland Southern Health Service becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

#### Financial liabilities at fair value through net result

A financial liability is measured at fair value through net result if the financial liability is:

- held for trading or
- initially designated as at fair value through net result.

Changes in fair value are recognised in the net results as other economic flows, unless the changes in fair value relate to changes in Gippsland Southern Health Service’s own credit risk. In this case, the portion of the change attributable to changes in Gippsland Southern Health Service’s own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.



### **Note 7.1 (a) Categorisation of financial instruments**

#### Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Gippsland Southern Health Service recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities)
- borrowings and
- other liabilities (including monies held in trust).

#### Derivative financial instruments

A derivative financial instrument is classified as a held for trading financial asset or financial liability. They are initially recognised at fair value on the date on which a derivative contract is entered.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition, are recognised in the consolidated comprehensive operating statement as an other economic flow included in the net result.

#### **Offsetting financial instruments**

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Gippsland Southern Health Service has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Gippsland Southern Health Service does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

### **Note 7.1 (a) Categorisation of financial instruments**

#### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired or
- Gippsland Southern Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement or
- Gippsland Southern Health Service has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where Gippsland Southern Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Gippsland Southern Health Service's continuing involvement in the asset.

#### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

#### **Reclassification of financial instruments**

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Gippsland Southern Health Service's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

**Note 7.2: Financial risk management objectives and policies**

As a whole, Gippsland Southern Health Service's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

Gippsland Southern Health Service's main financial risks include credit risk, liquidity risk and interest rate risk. Gippsland Southern Health Service manages these financial risks in accordance with its financial risk management policy.

Gippsland Southern Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

**Note 7.2 (a) Credit risk**

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Gippsland Southern Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Gippsland Southern Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Gippsland Southern Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the health service is exposed to credit risk associated with patient and other debtors.

In addition, Gippsland Southern Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, Gippsland Southern Health Service's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Gippsland Southern Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Gippsland Southern Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Gippsland Southern Health Service's credit risk profile in 2022-23.

**Note 7.2 (a) Credit risk**

**Impairment of financial assets under AASB 9**

Gippsland Southern Health Service records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

Credit loss allowance is classified as other economic flows in the net result.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

**Contractual receivables at amortised cost**

Gippsland Southern Health Service applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Gippsland Southern Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Gippsland Southern Health Service's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Gippsland Southern Health Service determines the closing loss allowance at the end of the financial year as follows:

**Note 7.2 (a) Contractual receivables at amortised cost**

		Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
<b>30 June 2023</b>							
<b>Expected loss rate</b>		0.0%	0.0%	2.0%	10.5%	1.1%	
Gross carrying amount of contractual receivables	5.1	689	65	51	141	2,022	2,968
<b>Loss allowance</b>		-	-	(1)	(15)	(22)	(38)
<b>30 June 2022</b>							
<b>Expected loss rate</b>		0.0%	0.0%	5.0%	30.0%	1.5%	
Gross carrying amount of contractual receivables	5.1	1,510	104	20	50	1,447	3,131
<b>Loss allowance</b>		-	-	(1)	(15)	(22)	(38)

### **Note 7.2 (a) Contractual receivables at amortised cost**

#### **Statutory receivables and debt investments at amortised cost**

Gippsland Southern Health Service's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

### **Note 7.2 (b) Liquidity risk**

Liquidity risk arises from being unable to meet financial obligations as they fall due.

Gippsland Southern Health Service is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

Gippsland Southern Health Service's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

The following table discloses the contractual maturity analysis for Gippsland Southern Health Service's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

### Note 7.2 (b) Payables and borrowings maturity analysis

	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates					
			Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000	
<b>Total</b>								
<b>30 June 2023</b>								
Payables	2,806	2,806	2,806	-	-	-	-	-
Borrowings	106	106	3	9	24	70	-	-
Other Financial Liabilities - Refundable Accommodation Deposits	8,926	8,926	357	759	3,347	4,017	446	-
Other Financial Liabilities - Patient monies held in trust	357	357	357	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>12,195</b>	<b>12,195</b>	<b>3,523</b>	<b>768</b>	<b>3,371</b>	<b>4,087</b>	<b>446</b>	<b>446</b>

	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates					
			Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000	
<b>Total</b>								
<b>30 June 2022</b>								
<b>Financial Liabilities at amortised cost</b>								
Payables	2,530	2,530	2,530	-	-	-	-	-
Borrowings	134	134	-	-	30	104	-	-
Other Financial Liabilities - Refundable Accommodation Deposits	8,128	8,128	325	691	3,048	3,658	406	-
Other Financial Liabilities - Patient monies held in trust	22	22	22	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>10,814</b>	<b>10,814</b>	<b>2,877</b>	<b>691</b>	<b>3,078</b>	<b>3,762</b>	<b>406</b>	<b>406</b>

<sup>i</sup> Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable).

### **Note 7.2 (c) Market risk**

Gippsland Southern Health Service's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

#### **Sensitivity disclosure analysis and assumptions**

Gippsland Southern Health Service's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Gippsland Southern Health Service's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 1.5% up or down

#### **Interest rate risk**

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Gippsland Southern Health Service does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Gippsland Southern Health Service has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

### **Note 7.3: Contingent assets and contingent liabilities**

At balance date, the Board are not aware of any contingent assets or liabilities.

#### **How we measure and disclose contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

#### **Contingent assets**

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

#### **Contingent liabilities**

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service or
- present obligations that arise from past events but are not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.



## Note 7.4: Fair Value Determination

### How we measure fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- Property, plant and equipment
- Right-of-use assets

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

### Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Gippsland Southern Health Service determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

Gippsland Southern Health Service monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is Gippsland Southern Health Service's independent valuation agency for property, plant and equipment.

### Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

**Note 7.4 (a) Fair value determination of non-financial physical assets**

	Note	Total carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2023	Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
		\$'000	\$'000	\$'000	\$'000
Non-specialised land		1,524	-	1,524	-
Specialised land		5,411	-	-	5,411
<b>Total land at fair value</b>	4.1 (a)	<b>6,935</b>	<b>-</b>	<b>1,524</b>	<b>5,411</b>
Non-specialised buildings		1,295	-	1,295	-
Specialised buildings		61,083	-	-	61,083
<b>Total buildings at fair value</b>	4.1 (a)	<b>62,378</b>	<b>-</b>	<b>1,295</b>	<b>61,083</b>
Plant and equipment	4.1 (a)	1,068	-	-	1,068
Motor vehicles	4.1 (a)	6	-	-	6
Medical equipment	4.1 (a)	2,340	-	-	2,340
Computer equipment	4.1 (a)	276	-	-	276
Furniture and fittings	4.1 (a)	85	-	-	85
Site Improvements	4.1 (a)	1,257	-	-	1,257
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>5,032</b>	<b>-</b>	<b>-</b>	<b>5,032</b>
Right of use assets	4.2 (a)	107	-	-	107
<b>Total right-of-use assets at fair value</b>		<b>107</b>	<b>-</b>	<b>-</b>	<b>107</b>
<b>Total non-financial physical assets at fair value</b>		<b>74,452</b>	<b>-</b>	<b>2,819</b>	<b>71,633</b>

## Note 7.4 (a) Fair value determination of non-financial physical assets

		Total carrying amount 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
Non-specialised land		1,524	-	1,524	-
Specialised land		5,411	-	-	5,411
<b>Total land at fair value</b>	4.1 (a)	<b>6,935</b>	<b>-</b>	<b>1,524</b>	<b>5,411</b>
Non-specialised buildings		1,295	-	1,295	-
Specialised buildings		64,857	-	-	64,857
<b>Total buildings at fair value</b>	4.1 (a)	<b>66,152</b>	<b>-</b>	<b>1,295</b>	<b>64,857</b>
Plant, equipment and vehicles	4.1 (a)	1,153	-	-	1,153
Motor vehicles	4.1 (a)	35	-	-	35
Medical equipment	4.1 (a)	2,401	-	-	2,401
Computer equipment	4.1 (a)	201	-	-	201
Furniture and fittings	4.1 (a)	99	-	-	99
Site Improvements	4.1 (a)	446	-	-	446
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>4,335</b>	<b>-</b>	<b>-</b>	<b>4,335</b>
Right of use assets	4.2 (a)	135	-	-	135
<b>Total right-of-use assets at fair value</b>		<b>135</b>	<b>-</b>	<b>-</b>	<b>135</b>
<b>Total non-financial physical assets at fair value</b>		<b>77,557</b>	<b>-</b>	<b>2,819</b>	<b>74,738</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

### How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

Gippsland Southern Health Service has assumed the current use of a non-financial asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

## **Note 7.4 (a) Fair value determination of non-financial physical assets**

### **Non-specialised land & non-specialised buildings**

Non-specialised land, non-specialised buildings, investment properties and cultural assets are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2022.

### **Specialised land and specialised buildings**

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, Gippsland Southern Health Service held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

The market approach is also used for specialised land although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore, these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For Gippsland Southern Health Service, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Gippsland Southern Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2022.

### **Vehicles**

The Gippsland Southern Health Service acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the health service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

### **Furniture, fittings, plant and equipment**

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2023

#### 7.4 (b): Reconciliation of level 3 fair value measurement

Total	Note	Land \$'000	Buildings \$'000	Plant, equipment, furniture, fittings and vehicles \$'000	Right-of-use plant, equipment, furniture, fittings and vehicles \$'000
<b>Balance at 1 July 2021</b>		<b>4,197</b>	<b>61,896</b>	<b>3,986</b>	<b>55</b>
Additions/(Disposals)		-	-	1,004	89
Net Transfers between classes		-	-	123	-
Gains/(Losses) recognised in net result					
- Depreciation and amortisation		-	(3,413)	(821)	(9)
Items recognised in other comprehensive income					
- Revaluation		1,214	6,374	43	-
<b>Balance at 30 June 2022</b>	7.4 (a)	<b>5,411</b>	<b>64,857</b>	<b>4,335</b>	<b>135</b>
Additions/(Disposals)		-	-	640	(14)
Net Transfers between classes		-	-	899	-
Gains/(Losses) recognised in net result					
- Depreciation and Amortisation		-	(3,774)	(842)	(14)
<b>Balance at 30 June 2023</b>	7.4 (a)	<b>5,411</b>	<b>61,083</b>	<b>5,032</b>	<b>107</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy, refer Note 7.4.

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	N/A
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments <sup>(i)</sup>
Non-specialised buildings	Market approach	N/A
Specialised buildings	Current replacement cost approach	- Cost per square metre - Useful life
Dwellings	Market approach Current replacement cost approach	N/A - Cost per square - Useful life
Vehicles	Market approach Current replacement cost approach	N/A - Cost per unit - Useful life
Plant and equipment	Current replacement cost approach	- Cost per unit - Useful life

(i) Community service obligation (CSO) adjustments were 20% for Hospital land and 15% for land held in Leongatha that adjoins residential property.

## Note 8: Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

### Structure

***8.1 Reconciliation of net result for the year to net cash flow from operating activities***

***8.2 Responsible persons disclosure***

***8.3 Remuneration of executives***

***8.4 Related parties***

***8.5 Remuneration of auditors***

***8.6 Events occurring after the balance sheet date***

***8.7 Jointly controlled operations***

***8.8 Equity***

***8.9 Economic dependency***

### Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

**Note 8.1 Reconciliation of net result for the year to net cash flows from operating activities**

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Net result for the year</b>	(3,112)	(2,517)
<b>Non-cash movements:</b>		
(Gain)/Loss on sale or disposal of non-financial assets	3.2 (12)	(16)
Depreciation and amortisation of non-current assets	4.4 4,630	4,243
Cash inflow from financing activities	(95)	(717)
Assets and services received free of charge	2.2 (153)	(105)
Bad and doubtful debt expense	3.1 -	1
(Gain)/Loss on revaluation of long service leave liability	3.2 (19)	(67)
<b>Movements in Assets and Liabilities:</b>		
(Increase)/Decrease in receivables and contract assets	(486)	(364)
(Increase)/Decrease in inventories	57	(61)
(Increase)/Decrease in other assets	(97)	213
Increase/(Decrease) in payables and contract liabilities	558	(322)
Increase/(Decrease) in employee benefits	517	316
Increase/(Decrease) in other liabilities	335	11
<b>Net cash inflow from operating activities</b>	<b>2,123</b>	<b>615</b>

## Note 8.2 Responsible persons disclosures

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1<sup>st</sup> of November and new ministers were sworn in on the 5<sup>th</sup> of December.

	Period
The Honourable Mary-Anne Thomas MP	
Minister for Health	1 Jul 2022 - 30 Jun 2023
Minister for Health Infrastructure	5 Dec 2022 - 30 Jun 2023
Minister for Medical Research	5 Dec 2022 - 30 Jun 2023
Former Minister for Ambulance Services	1 Jul 2022 - 5 Dec 2022
The Honourable Gabrielle Williams MP	
Minister for Mental Health	1 Jul 2022 - 30 Jun 2023
Minister for Ambulance Services	5 Dec 2022 - 30 Jun 2023
The Honourable Lizzy Blandthorn MP	
Minister for Disability, Ageing and Carers	5 Dec 2022 - 30 Jun 2023
The Honourable Colin Brooks MP	
Former Minister for Disability, Ageing and Carers	1 Jul 2022 - 5 Dec 2022
<b>Governing Boards</b>	
Ms A. Georgiou	1 Jul 2022 - 30 Jun 2023
Ms G .Scheffer	1 Jul 2022 - 30 Jun 2023
Mr D. Smith	1 Jul 2022 - 30 Jun 2023
Ms J. Walsh	1 Jul 2022 - 30 Jun 2023
Mr B. Ruyter	1 Jul 2022 - 30 Jun 2023
Ms B. Brennan	1 Jul 2022 - 30 Jun 2023
Ms J. Linklater	1 Jul 2022 - 30 Jun 2023
Mr D. Muchow	1 Jul 2022 - 20 Jun 2023
Mr T. Peterson	1 Jul 2022 - 30 Jun 2023
Ms C. Mcloughlin	1 Jul 2022 - 30 Jun 2023
Mr R. Sawant	1 Jul 2022 - 30 Jun 2023
<b>Accountable Officers</b>	
Ms L. Sparkes (Chief Executive Officer)	6 Feb 2023 - 30 Jun 2023
Mr C. Trotman (Acting Chief Executive Officer)	12 Sep 2022 - 4 Feb 2023
Mr M. Johnson (Chief Executive Officer)	1 Jul 2022 - 10 Sep 2022



## Note 8.2 Responsible persons (continued)

### Remuneration of Responsible Persons

The number of Responsible Persons are shown in their relevant income bands:

<b>Income Band</b>	<b>Total 2023 No</b>	<b>Total 2022 No</b>
\$0,000 - \$9,999	11	11
\$40,000 - \$49,999	1	-
\$110,000 - \$119,999	1	-
\$120,000 - \$129,999	1	-
\$330,000 - \$339,999	-	1
<b>Total Numbers</b>	<b>14</b>	<b>12</b>

<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
	<b>\$337</b>	<b>\$362</b>

Amounts relating to the Governing Board Members and Accountable Officer of Gippsland Southern Health Service's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

### Note 8.3 Remuneration of executives

The number of executive officers, other than Ministers and the Accountable Officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

#### Remuneration of executive officers

(including Key Management Personnel disclosed in Note 8.4)

	Total Remuneration	
	2023 \$'000	2022 \$'000
Short-term benefits	857	517
Post-employment benefits	78	53
Other long-term benefits	48	13
Termination benefits	12	-
<b>Total remuneration<sup>i</sup></b>	<b>995</b>	<b>583</b>
Total number of executives	9	5
Total annualised employee equivalent <sup>ii</sup>	6.0	5.0

<sup>i</sup> The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Gippsland Southern Health Services under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

<sup>ii</sup> Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

#### Short-term Employee Benefits

Salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

#### Post-employment Benefits

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

#### Other Long-term Benefits

Long service leave, other long-service benefit or deferred compensation.

#### Termination Benefits

Termination of employment payments, such as severance packages.

#### Other factors

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of executive officers retired, resigned or were retrenched in the past year. This has had a significant impact on remuneration figures for their termination benefits category.

## Note 8.4: Related Parties

The Gippsland Southern Health Service is a wholly owned and controlled entity of the State of Victoria. Related parties of the health service include:

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled operations – A member of the Gippsland Health Alliance and
- all health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Gippsland Southern Health Service and its controlled entities, directly or indirectly.

### Key management personnel

The Board of Directors, Chief Executive Officer and the Executive Directors of Gippsland Southern Health Services are deemed to be KMPs.

Entity	KMPs	Position Title
Gippsland Southern Health Service	Ms A. Georgiou	Chair of the Board
Gippsland Southern Health Service	Ms G .Scheffer	Board Member
Gippsland Southern Health Service	Mr D. Smith	Board Member
Gippsland Southern Health Service	Ms J. Walsh	Board Member
Gippsland Southern Health Service	Mr B. Ruyter	Board Member
Gippsland Southern Health Service	Ms B. Brennan	Board Member
Gippsland Southern Health Service	Ms J. Linklater	Board Member
Gippsland Southern Health Service	Mr D. Muchow	Board Member
Gippsland Southern Health Service	Mr T. Peterson	Board Member
Gippsland Southern Health Service	Ms C. Mcloughlin	Board Member
Gippsland Southern Health Service	Mr R. Sawant	Board Member
Gippsland Southern Health Service	Ms L. Sparkes	Chief Executive Officer (6 Feb - 30 Jun)
Gippsland Southern Health Service	Mr C. Trotman	Acting Chief Executive Officer (12 Sep - 4 Feb)
Gippsland Southern Health Service	Mr M. Johnson	Chief Executive Officer (1 Jul - 10 Sep)
Gippsland Southern Health Service	Ms J. Dempster	Exec Director Clinical Services ( from Jun-23)
Gippsland Southern Health Service	Ms K. Roberts	Exec Director People, Culture & Experience
Gippsland Southern Health Service	Mr C. Winter	Exec Director Medical Services
Gippsland Southern Health Service	Mr J. O'Reilly	Exec Director Finance & Corp Services (from Nov-22)
Gippsland Southern Health Service	Mr R. Kapur	Exec Director Finance & Corp Services (to Nov-22)
Gippsland Southern Health Service	Ms K. Ashton	Director of Nursing Leongatha (from Nov-22)
Gippsland Southern Health Service	Ms V. Low	Director of Nursing Leongatha (to Nov-22)
Gippsland Southern Health Service	Ms T. Edmonds	Director of Nursing Korumburra
Gippsland Southern Health Service	Mr J. Krish	Director of Primary and Community Care

#### Note 8.4: Related Parties (continued)

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the State's Annual Financial Report.

	Total 2023 \$'000	Total 2022 \$'000
<b>Compensation - KMPs</b>		
Short-term Employee Benefits <sup>i</sup>	1,185	827
Post-employment Benefits	104	76
Other Long-term Benefits	32	41
Termination Benefits	12	-
<b>Total<sup>ii</sup></b>	<b>1,333</b>	<b>944</b>

<sup>i</sup> Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

<sup>ii</sup> KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

#### Significant transactions with government related entities

Gippsland Southern Health Service received funding from the Department of Health of \$32.49 m (2022: \$31.16 m) and indirect contributions of \$0.70 m (2022: \$.14 m). Balances outstanding as at 30 June 2023 are \$0.33 m (2022 \$0.43m)

Expenses incurred by Gippsland Southern Health Service in delivering services and outputs are in accordance with HealthShare Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require the Gippsland Southern Health Service to hold cash (in excess of working capital) in accordance with the State of Victoria's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

#### Transactions with KMPs and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Gippsland Southern Health Service, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2023 (2022: none).

There were no related party transactions required to be disclosed for the Gippsland Southern Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: none).

**Note 8.5: Remuneration of Auditors**

**Victorian Auditor-General's Office**  
Audit of the financial statements  
**Total remuneration of auditors**

<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
38	40
<b>38</b>	<b>40</b>

**Note 8.6: Events occurring after the balance sheet date**

There are no events occurring after the Balance Sheet date.

## Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2023 %	2022 %
Gippsland Health Alliance	Provision of Information Technology Services	6.97	7.5

Gippsland Southern Health Services interest in the above joint arrangement is detailed below. The amounts are included in the financial statements under their respective categories:

	2023 \$'000	2022 \$'000
<b>Current assets</b>		
Cash and cash equivalents	683	236
Receivables	92	185
Prepaid expenses	240	202
<b>Total current assets</b>	<b>1,015</b>	<b>623</b>
<b>Non-current assets</b>		
Property, plant and equipment	53	82
<b>Total non-current assets</b>	<b>53</b>	<b>82</b>
<b>Total assets</b>	<b>1,068</b>	<b>705</b>
<b>Current liabilities</b>		
Payables	145	61
Borrowings	15	17
Other Current Liabilities	357	22
<b>Total current liabilities</b>	<b>517</b>	<b>100</b>
<b>Non-current liabilities</b>		
Borrowings	22	34
<b>Total non-current liabilities</b>	<b>22</b>	<b>34</b>
<b>Total liabilities</b>	<b>539</b>	<b>134</b>
<b>Net assets</b>	<b>529</b>	<b>571</b>
<b>Equity</b>		
Accumulated surplus	529	571
<b>Total equity</b>	<b>529</b>	<b>571</b>

## Note 8.7 Joint arrangements

Gippsland Southern Health Services interest in revenues and expenses resulting from joint arrangements are detailed below:

	2023 \$'000	2022 \$'000
<b>Revenue and income from transactions</b>		
Revenue from Operations	1,449	1,605
Interest Income	14	3
<b>Total revenue and income from transactions</b>	<b>1,463</b>	<b>1,608</b>
<b>Expenses from transactions</b>		
Other Expenses from Continuing Operations	1,476	1,703
Depreciation	30	31
<b>Total expenses from transactions</b>	<b>1,506</b>	<b>1,734</b>
<b>Net result from transactions</b>	<b>(43)</b>	<b>(126)</b>

### Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the joint arrangements at balance date.

**Note 8.8: Equity**

**Contributed capital**

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Gippsland Southern Health Service.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

**Financial assets at fair value through comprehensive income revaluation reserve**

The financial assets at fair value through other comprehensive income revaluation reserve arises on the revaluation of financial assets (such as equity instruments) measured at fair value through other comprehensive income. Where such a financial asset is sold, that portion of the reserve which relates to that financial asset may be transferred to accumulated surplus/deficit.

**Specific restricted purpose reserves**

The specific restricted purpose reserve is established where Gippsland Southern Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

**Note 8.9: Economic dependency**

Gippsland Southern Health Service is dependent on the Department of Health for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support Gippsland Southern Health Service.



# Map of Service Locations

## Key

-  GSHS Service Location
-  Townships
-  Highways
-  Local Government Area

